

aurionPro

Aurionpro Solutions Limited

(The Company was Incorporated on October 31, 1997 as Value Added Information Distribution Services Private Limited. The name of our Company was changed to VAIDS Technologies Private Limited on April 30, 2001 and subsequently to Aurionpro Solutions Private Limited on September 18, 2003. The company was converted into a public limited Company on March 09, 2005.)

Registered Office: 1D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai-400 059, India

(At the time of incorporation the Registered Office of the Company was situated at 404, Gold Mohur, 174, Princess Street, Mumbai 400 002. With effect from December 17, 2004, the Registered Office of the Company is shifted to the present address).

Tel: +91-22- 2825 2721/22/23 ; **Fax:** +91-22- 2832 1932 **E-mail:** ipo@aurionprosolutions.com; **Website:** www.aurionprosolutions.com

Corporate Office: 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093

Tel: +91-22-2832 1901; **Fax:** +91-22-2832 1932

Contact person: Ms. Angna Arora, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 30,00,000 EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. 90/- FOR CASH AT A PREMIUM AGGREGATING RS. 2700 LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"), INCLUDING EMPLOYEE RESERVATION OF 2,50,000 EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. 90/- FOR CASH AGGREGATING RS. 225 LACS AND NET ISSUE TO THE PUBLIC OF 27,50,000 EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. 90/- FOR CASH AGGREGATING RS. 2475 LACS (HEREINAFTER REFERRED TO AS THE "NET ISSUE TO THE PUBLIC") AND THE ISSUE WOULD CONSTITUTE 25.44% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

ISSUE PRICE : RS. 90/- PER EQUITY SHARES OF RS. 10/- EACH.

THE FACE VALUE OF THE EQUITY SHARE IS RS. 10/- EACH. THE ISSUE PRICE IS 9.0 TIMES THE FACE VALUE

The Issue is being made through a 100% Book Building Process wherein atleast 50% of the Net offer to the public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, upto 15% of the Net offer to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net offer to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for its Equity Shares. The face value of the shares is Rs 10/- and the issue price is 9.0 times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers ("BRLMs"), on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page viii of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

BOOK RUNNING LEAD MANAGERS

CENTRUM

CENTRUM CAPITAL LIMITED

Khetan Bhavan, 5th Floor, 198,
J Tata Road, Churchgate,
MUMBAI 400 020. Tel: +91-22- 2202 3838
Fax: +91-22- 2204 6096
Website: www.centrum.co.in
Email: aurionPro@centrum.co.in
SEBI Regn No. INM000010445
AMBI Regn No.: AMBI/087
UIN No. 100016915
Contact Person: Mr. Mayank Dalal



KARVY INVESTOR SERVICES LIMITED

"Karvy House", 46, Avenue 4, Street No.1,
Banjara Hills, HYDERABAD 500 034
Tel: +91-40-23320251 / 23320751
Fax No.: +91-40-23374714
Website: www.karvy.com
Email: mbd@karvy.com
SEBI Regn. No.:INM000008365
UIN No. 100029413
Contact Person: Mr. T.R.Prashanth Kumar

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED,

E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri East, MUMBAI 400 072.
Tel: +91-22-2847 3747/3474
Fax: +91-22-2847 5207
Website: www.bigshareonline.com
Email: bigshare@bom7.vsnl.net.in
SEBI Regn No. INR000001385
UIN No. 100003467
Contact Person: Mr. V. Kumaresan

ISSUE SCHEDULE

BID/ ISSUE OPENED ON : SEPTEMBER 27, 2005

BID/ ISSUE CLOSED ON : OCTOBER 04, 2005

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited ("BSE") (also the Designated Stock Exchange) and the National Stock Exchange of India Limited ("NSE"). The Company has received the in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to letters dated August 2, 2005 and August 18, 2005 respectively.

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SECTION: I: DEFINITIONS AND ABBREVIATIONS
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I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of the Company
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / Fiscal	Period of twelve months ended March 31 of that particular year
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum/ Memorandum of Association / MoA	The Memorandum of Association of the Company
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 under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

II. OFFERING-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being / or have been issued or transferred
Banker(s) to the Issue	The Bank with whom the Escrow Account for the Public Issue was opened and which acted as such, in terms of the Red Herring Prospectus
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Price/ Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date / Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Prospectus
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus
Bidding Period / 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
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
BRLMs	Book Running Lead Managers to the Issue, in this case being CENTRUM and KARVY
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
Cap Price	The higher end of the price band above which the issue price will not be finalised and above which no bids will be accepted.
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CDSL	Central Depository Services (India) Limited
Cut-off price	Cut-off refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
D/E Ratio	Debt-Equity Ratio
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Designated Stock Exchange shall mean BSE
DP	Depository Participant
Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof

Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheque or draft in respect of the Bid Amount when submitting a Bid and refunds (if any) of the amount collected to the Bidders.
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The Banks at which the Escrow Account of the Company will be opened. In this case being Centurion Bank, Standard Chartered Bank and HDFC Bank.
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
IPO	Initial Public Offering
Issue/Offer	The fresh issue of 30,00,000 new Equity Shares of Rs.10/- each at the Issue Price by the Company under the Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Prospectus. The Issue Price of Rs. 90/- per equity share has been decided by the Company in consultation with the BRLMs.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLMs and the Syndicate Members
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue that is available for allocation to Non-Institutional Bidders, in this being a minimum of 4,12,500 Equity Shares of Rs.10 each
Net Offer/ Net Issue	Shares offered through this issue less allocation to employees.
PAN	Permanent Account Number
Pay-in Date	The last date specified in the CAN sent to Bidders.
Pay-in-Period	(i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Permanent Employees	Permanent Employees of the Company as on the date of filing the Red Herring Prospectus with RoC
Price Band	Being the price band of a minimum price (Floor Price) of Rs.81/- and the maximum price (Cap Price) of Rs. 90/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue 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 Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial

Aurionpro Solutions Limited

	development corporations, insurance companies registered with IRDA, provident funds and pension funds with a minimum corpus of Rs 250 mn.
QIB Portion	The portion of the Issue available for allocation to QIB's in this case being 13,75,000 Equity Shares of Rs.10 each
RoC	Registrar of Companies, Maharashtra at Mumbai.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited, having its registered office as indicated on the cover page of this Red Herring Prospectus
Retail Bidders/ Retail Individual Bidders	Retail Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than or equal to Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being minimum of 9,62,500 Equity Shares of Rs.10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/ Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Stock Exchanges	BSE and NSE
Syndicate/ Members of the syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and include BRLMs.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as a proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or Agreement after the Pricing Date

III. COMPANY/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
. net	. net is a technology integrated throughout Microsoft products, providing the capability to quickly build, deploy, manage, and use connected, security-enhanced solutions through the use of Web services.
AGM	Annual General Meeting
AMC	Annual Maintenance Contract
ANSI	American National Standards Institute
Articles / Articles of Association / AoA	Articles of Association of the Company
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory auditors of the Company: Messrs. Chaturvedi & Shah, Chartered Accountants and Messrs. D. Kothary & Co., Chartered Accountants, Mumbai
Aurionpro/ ASL/ASPL/ the Company	Unless the context otherwise indicates or implies refers to Aurionpro Solutions Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 1 D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, India.

BFSI	Banking, Financial Services and Insurance
Board of Directors	The Board of Directors of Aurionpro Solutions Limited or a committee thereof
BPO	Business Process Outsourcing
Compliance Officer	Compliance Officer of the Company in this case being Mrs. Angna Arora, the Company Secretary of the Company
Director(s)	Director(s) of the Company unless otherwise specified
CAGR	Compounded Annual Growth Rate
Check 21	Check Clearance for the 21st Century Act, a legislation in force in the US, which enables use of cheque images for their clearing
CLS	Continuously Linked Settlements
CMM	Capability Maturity Model of the SEI
CTS	Cheque Truncation System
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EFT	Electronic Fund Transfer
EGM	Extraordinary General Meeting of the Company
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of the Company unless otherwise specified in the context otherwise.
EPS	Earnings Per Equity Share
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FEA	Far East Asia
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
ISO 9001:2000	ISO 9001:2000 Certification Standard
ITES	Information Technology Enabled Services
J2EE	Java 2 Platform, Enterprise Edition (J2EE) defines the standard for developing component-based multitier enterprise applications.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of the Company
Non-Resident	A person who is not a NRI, FII or a person resident in India
Promoters	Mr Amit Sheth, Mr. Bhavesh Talsania, Mr Paresh Zaveri, and Mr Sanjay Desai and Aurionpro Services Private Limited.
Registered Office of the Company	Registered Office of the Company situated at 1 D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, India
RTGS	Real Time Gross Settlements
QC	Quality Control
SDC	Software Development Centre
SDLC	Software Development Life Cycle
SEA	South East Asia
SEI	Software Engineering Institute
STP	Straight Through processing
SRS	Software Requirement Study
SBU	Strategic Business Unit
UAT	User Acceptance Test
XML	Extended Mark-up language

In the section entitled “Main Provisions of Articles of Association of Aurionpro solutions Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

IV. ABBREVIATIONS:

ABBREVIATION	FULL FORM
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
AGM	Annual General Meeting
BSE	The Stock Exchange, Mumbai
Centrum	Centrum Capital Limited
CAGR	Compounded Annual Growth Rate
CAD	Computer Aided Design
CAM	Computer Aided Machinery
CDSL	Central Depository Services (India) Limited
CNC	Computerised Numerically Controlled
D/E Ratio	Debt Equity Ratio
DP	Depository Participant
DGTD	Director General of Technical Development
DG	Diesel Generator
EAI	Enterprise Application Integration
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto.
FIs	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FY / Fiscal	Financial year ending March 31
GIR Number	General Index Registry Number
GoI	Government of India
GoM	Government of Maharashtra
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
IPO	Initial Public Offering
IT	Information Technology
IIT	Indian Institute of Technology

IIM	Indian Institute of Management
IVR	Interactive Voice Response
Karvy	Karvy Investor Services Limited
MoU	Memorandum of Understanding
MNC	Multi National Company
MP	Management Perception
N. A.	Not Applicable
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
NASSCOM	National Association of Software and Service Companies
NMIMS	Narsee Monji Institute of Management Studies, Mumbai
NSE	National Stock Exchange of India Ltd
OCB	Overseas Corporate Bodies
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QC	Quality Control
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Maharashtra situated at 100, Everest, Marine Lines, Mumbai – 400 002.
RoNW	Return on Net Worth
Sec.	Section
SGD	Singapore Dollar
UCC	Union Carbide Corporation
USD/\$/US\$	United States Dollar
VCF	Venture Capital Funds

SECTION II : RISK FACTORS

I. FORWARD-LOOKING STATEMENTS AND MARKET DATA:

Forward-looking Statements:

All statements contained in this Prospectus that are not statements of historical fact constitute “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “aspire”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “would” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about the company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in India, United States and the other primary markets such as the Middle East, the Asia-Pacific region and Europe;
- The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- The size, timing and profitability of significant service projects and product sales;
- The mix of the services and product revenues;
- The ability to modify and enhance the suite of product offerings based on customer needs and evolving technologies;
- The proportion of services that The Company perform outside India as opposed to at the development centres in India;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly information technology, or IT professionals;
- Shortage of IT professionals in India with relevant skill levels;
- Increasing competition in; and the conditions of the global and Indian software industry;
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies or those of the competitors;
- Cancellations, contract terminations or deferrals of projects;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the Indian and software industry; and
- Changes in the political and social conditions in India.

For further discussion of factors that could cause the actual results to differ, see “Risk Factors” beginning on the next page of this 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 the Company, BRLMs, any member of the Syndicate 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, the Company and BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market Data

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

Currency Of Presentation

In this Prospectus, all references to “Rupees” and “Rs.” “INR” and “Indian Rupees” are to the legal currency of the Republic of India; all references to “U.S. Dollars”, “Dollars”, “USD” or “\$” are to the legal currency of the United States; and all references to “SGD” or “Singapore Dollars” are to the legal currency of the Republic of Singapore.

Throughout this Prospectus, all figures have been expressed in lacs, except in the industry section of this Prospectus, where the same has been expressed in “millions” and “billions”. The word “Lac” means “one hundred thousand”, the word “million (mn)” means “ten lac”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”.

In this Prospectus, USD and SGD amounts have been translated into Rupees for each period and presented solely to comply with the requirements of Clause 6.9.7 of the SEBI Guidelines. Investors are informed not to rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one USD or one SGD could be exchanged on the last business day of the particular period. We have translated the financial data derived from our consolidated financial statements prepared in accordance with Indian GAAP for each period on the last business day of such period. The translations should not be considered as a representation that such USD or SGD, as the case may be, have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

Currency	As at March 31, 2004	As at August 31, 2004	As at March 31, 2005
USD	–	46.38	43.69
SGD	26.21	–	26.91

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the any translated Rupee amount derived from the financial statements and not on the basis of any U.S. Dollar amounts. Calculation of percentage amounts on the basis of USD or SGD amounts may lead to results that are different, in a material way, from those calculated as per Rupee Amounts.

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

II. RISK FACTORS:

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Prospectus the risks described below, in addition to the other information contained in this Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company’s business, results of operations and financial condition could suffer, the trading price of the Company’s Equity Shares could decline, and the investor may lose all or part of your investment.

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

Materiality:

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

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.

- c. Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

1. LOCATION FOR THE PROJECT NOT IDENTIFIED:

The Company has not identified the location at which the proposed expansion of facilities is to be undertaken under the Project.

MP: The Company has not identified the premises so far as it is confident of finalizing the same at a short-notice given the abundant availability of the premises on lease in the vicinity of our present premises.

2. TARGET ACQUISITIONS NOT IDENTIFIED:

The Company has not identified the companies/ products that are proposed to be acquired under the project.

Pending utilisation of net proceeds of the Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

MP: The IT industry consists of several niche players. The Company believes that it should have the wherewithal to grow inorganically as and when it comes across synergistic opportunities. It has already made an acquisition of one Company and a product recently. It has planned to equip itself through this Issue to seize opportunities for inorganic growth.

3. LOSSES BY GROUP / ASSOCIATE COMPANY:

Fusion B Services (India) Private Limited a Company promoted by one of the Promoters made losses to the tune of Rs. 0.25 lacs for the fiscal 2005.

MP: The above-mentioned company is a group company of Aurionpro Solutions Limited. It is a defunct and there are no direct financial or other arrangements between the above mentioned company and our company. Therefore the losses of this company will not affect the books of the company.

4. POSSIBLE DELAY IN PROJECT IMPLEMENTATION:

Any delay in the implementation of the Project, particularly the expansion of facilities could lead to cost overruns making the expansion Project unviable.

MP: We are taking all the required steps in implementing the project with adequate planning and are confident of completing the same on time. We have a track record of expanding the facilities during the last three years at regular intervals.

5. COMPETITIVE BUSINESS ENVIRONMENT:

The area of business we operate in is very competitive and such competition is likely to continue, if not increase in the future.

MP: We have an India based offshore development center. We have successfully built niche practice areas based on our expertise. We also have built good track record of prominent customers. These factors help us in being competitive in the market.

6. POSSIBLE FLUCTUATIONS IN REVENUES AND EXPENSES:

The revenues track record shows a healthy growth for the past three years. However, for reasons of prudence, that may not be relied upon as an indication of its future performance. It is possible that in the future some of its results of operations may be below the expectations of market analysts and company's investors, which could cause the share price of its Equity Shares to decline significantly.

Factors that affect the fluctuation of its operating results include:

- the proportion of services that the Company perform outside India to those performed at its SDCs in India; the size, timing and profitability of significant service projects and product sales;
- the mix of services and product revenues;

- the ability to modify and enhance its suite of product offerings based on customer needs and evolving technologies;
- the changes in its pricing policies or those of its competitors;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly IT professionals;
- the size and timing of facilities expansion;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of its projects.

In addition, a significant portion of its revenues is dependent upon the timely completion of various project milestones, which is dependent not only on its abilities but also on the readiness and capability of the project teams of its clients. Delays in meeting project milestones resulting from the deficiencies in its client's project teams will cause cost overruns and adversely affect the working capital.

A significant part of its total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of its projects or employee utilization rates, or in its estimates of the resources required to complete ongoing projects, may cause significant variations in its operating results in any particular period.

There are also a number of factors, other than its performance, that are not within its control that could cause fluctuations in its operating results from period to period. These include:

- the availability and duration of tax benefits and the availability of other Government of India incentives;
- currency exchange rate fluctuations, particularly when the Rupee appreciates in value against foreign currencies, such as the U.S. Dollar, which reduce the Rupee value of its foreign currency revenues;
- changes in Indian law relating to foreign exchange management and to foreign equity ownership of Indian IT companies that could constrain its ability to raise capital outside India through the issuance of equity or convertible debt securities; and
- the economies of India, the United States and our other principal international markets, as well as other general economic factors.

7. PREDOMINANCE OF BFSI SECTOR IN OUR CLIENT-MIX:

The Company derives a significant portion of its revenues from the financial services industry. Thus, the future success depends on continued demand for the products and services in the banking, insurance and financial services industries. The Company believes that there have been substantial changes in these industries in recent years, including continuing consolidation, decreasing profit margins in certain sectors, regulatory and technological changes and other trends. The Company believes these changes have led to increase IT spending by banks, insurance companies and financial institutions. If the pace of these changes were to slow down, the Company could experience reduced demand for the products and services. In addition, the banking, insurance and financial services industries are sensitive to changes in economic conditions and unforeseen events, including political instability, recession, inflation and other adverse occurrences. Any event that results in decreased consumer and corporate use of financial services, or increased pressure on banks and insurance companies to develop, implement and maintain solutions in-house, could have a material adverse effect on the business, financial condition and results of operations.

Within the BFSI sector, the Company's revenues are highly dependent on a small number of clients. The loss of any of the major clients or a decrease in the volume of work outsourced by them or a decrease in the price at which they outsource would adversely affect revenues and profitability of the Company.

8. POSSIBLE FAILURE TO COMPLETE FIXED-PRICE CONTRACTS WITHIN BUDGET AND ON TIME:

Fixed-price contracts are those contracts where the aggregate amount to be billed is specified in the contract. As a part of our business strategy, a significant portion of our contracts for IT services are on a fixed-price basis, rather than on a time-and-materials basis. We expect to continue to derive a significant proportion of our services

revenues from fixed price contracts. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects, we are exposed to the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time frame, our profitability may suffer.

9. PRODUCT SALES CYCLES OF SOFTWARE PRODUCTS ARE LONG :

The development of software products requires significant investments and the markets for our suite of software products are competitive. Our current software products or any new software products that the Company develops may not be commercially successful and the costs of developing such new products may not be recouped. Since software product revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development of such software products, delayed revenues may cause periodic fluctuations of operating results.

Further, a client's decision to source software products involves a significant commitment of its resources and is influenced by its budget cycles and usually goes through a structured evaluation process. Consequently, the period between initial contact and the award of a contract is often long, typically ranging from 9 to 12 months, and is subject to delays associated with the budgeting, approval and competitive evaluation processes that normally accompany a significant capital expenditure decision. Such delays could also cause the operating results to vary widely from quarter to quarter.

10. PREDOMINANCE OF PRODUCTS IN THE SALES-MIX:

The Company anticipates that the contribution of revenues from our Products Business will rise. Consequently, our future success, to a large extent, will depend on continued demand for and market acceptance of our suite of products, as well as our ability to introduce, enhance and add functions to our suite of products that meet the evolving needs of our customers.

Competition, technological change or other factors could reduce demand for, or market acceptance of, our products and this could have a material adverse effect on our business, financial condition and results of operations.

The Company's business and profitability will suffer if the Company fails to anticipate and develop new products and services and enhance existing products and services in order to keep pace with rapid changes in technology and the industries on which the Company focus.

The IT products and services markets is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. The future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. The Company may not be successful in anticipating or adequately responding to these advances in a timely basis, or, if the Company does respond, the services or technologies the Company develops may not be successful in the marketplace. Further, products, services or technologies that are developed by the Company's competitors may render our offerings noncompetitive, obsolete or force us to reduce prices, thereby adversely affecting our margins.

11. POSSIBLE MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS:

The Company regards the software products developed with our investments as proprietary intellectual property and rely on a combination of copyright laws, license agreements, confidentiality agreements with employees, nondisclosure and other contractual confidentiality requirements imposed on our customers and third parties with whom the Company has entered into marketing, distribution, implementation and/or support services agreements, to protect our proprietary intellectual property rights.

The Company requires some of our employees to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our customer's proprietary/confidential information as well as our own. The Company can give no assurance that the steps taken by it in this regard will be adequate to enforce our intellectual property rights. If our customer's proprietary rights are misappropriated by the Company's employees in violation of any applicable confidentiality agreements, the Company's customers may consider it liable for that act and seek damages and compensation from it.

Although the Company believes that our products and services do not infringe upon the intellectual property rights of others and that the Company has all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims will not be asserted against the company in the future. Assertion of such claims against the company could result in litigation. Any such claims, regardless of their outcome, could result in substantial costs to the company and divert management's attention from its operations and require us to pay damages, develop non-infringing intellectual property or acquire licenses to the intellectual property that is the subject of the asserted infringement, which licenses, if available, could be on unreasonable terms. This could have a material adverse effect on our business, financial condition and results of operations.

The laws in certain countries in which the Company operates do not protect intellectual property rights to the same extent as the laws in the United States, and the global nature of our IT services and the Internet makes it difficult to control the ultimate destination of our products and services. Therefore, our efforts to protect our intellectual property may not be adequate. The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. The Company 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. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increase, the Company believes that companies in our industry will face more frequent infringement claims. Defense against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our company.

12. POSSIBLE DEFECTS IN THE PRODUCTS OR DEFICIENCIES IN THE SERVICES:

Many of the Company's contracts involve providing products and services that are critical to the operations of our customers' business. Any failure or defect in our software or in the Company's customers' products, networks or computer systems could result in a claim against it for substantial damages, regardless of the Company's responsibility for such a failure or defect. Although the Company attempts to limit the Company's contractual liability for all damages, including consequential damages, in rendering the Company's services, the Company cannot be assured that the limitations on liability the Company provides for in the Company's service contracts will be enforceable in all cases, or that they will otherwise be sufficient to protect it from liability for damages.

13. POSSIBLE INABILITY TO MANAGE GROWTH:

The Company has grown significantly in recent periods. Between the fiscal 2001 and 2005, the Company's CAGR was 53%. The Company's revenues grew from 183.75 lacs in fiscal 2000 to 1010.92 lacs in fiscal 2005. The numbers of employees have also grown in the same period. In addition, in the last fiscal year the Company has undertaken some acquisitions and have expanded the Company's business to include both IT products and services. The Company has also expanded the Company's markets. The Company expects growth to place significant demands on the Company's management and other resources. Specifically, the Company will need to continue to develop and improve the Company's operational, financial and other internal controls, both in India and elsewhere.

Continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
- adhering to the Company's high quality and process execution standards;
- preserving the Company's culture, values and entrepreneurial environment;
- developing and improving the Company's internal administrative infrastructure, particularly the Company's financial, operational, communications and other internal systems; and
- maintaining high levels of client satisfaction.

The Company's growth strategy also relies on expanding the Company's customer base to other parts of the world, including Europe, USA and other parts of Asia. The costs involved in entering these markets may be higher than expected and the Company may face significant competition in these regions. The Company's inability to manage growth in these regions may have an adverse effect on the Company's business, results of operations and financial condition.

MP: The Company has attracted and retained a strong senior management in anticipation of challenges in managing growth. We will continue to enhance our senior management bandwidth, as per the future needs.

14. POSSIBLE INABILITY TO ATTRACT, TRAIN, MOTIVATE AND RETAIN EMPLOYEES:

The Company's ability to execute current and future projects and to obtain new customers depends, in large part, on its ability to attract, train, motivate and retain highly skilled personnel, particularly project managers, project leaders and domain experts. The Company believes that there is significant demand for personnel who possess the skills needed to perform the services the Company offers. Its inability to hire and retain additional qualified personnel will impair its ability to bid for or obtain new projects and to continue to expand its business. In fiscal 2005, 2004 and 2003, the employee attrition rates were high. The majority of departing employees comprised highly-trained IT personnel, such as software engineers and project managers with three to four years experience, many of whom joined competing companies. Any increase in the Company's attrition rates, particularly the rate of attrition for experienced software engineers and project managers and leaders, would adversely affect its growth strategy. The Company cannot assure you that it will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, the Company cannot assure you that we will be able to re-deploy and re-train its technical personnel to keep pace with continuing changes in IT, evolving technologies and changing customer preferences. The Company's inability to attract and retain software professionals may have a material adverse effect on its business, result of operations and financial condition.

MP: Through the years, we have faced attrition and been successful in recruiting and training increasing number of people.

15. POSSIBLE DIFFICULTIES IN MANAGING FUTURE INVESTMENTS, PARTNERSHIPS OR ACQUISITIONS:

As part of the Company's growth strategy, it may make strategic investments, establish partnerships and/or make acquisitions relating to complementary businesses, technologies, services or products. It may not identify suitable investment opportunities, partners or acquisition candidates. If the Company does identify suitable investment opportunities, partners or acquisition candidates, the Company may be unable to negotiate terms commercially acceptable to itself or complete those transactions at all. If the Company acquires another company or form a new joint venture or other strategic partnership, the Company could have difficulty in integrating that company's business, including personnel, operations, technology and software, with its business. In addition, the key personnel of an acquired company may decide not to work for it. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, an anticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on its business, financial condition and results of operations. In the event that the Company plans to acquire or invest in an overseas company, the Company may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

The Company may finance future investments, partnerships or acquisitions with a portion of the net proceeds from the Issue, as well as with cash from operations, its existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these. The Company cannot guarantee that it will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of its Equity Shares would dilute the ownership interest of its shareholders. As of the date of this Prospectus, the Company has no definitive commitment or agreement for any material investment, partnership or acquisition.

MP: The Company has a track record of managing business through strategic alliances working with people of varied backgrounds. We expect this management strength to help us address the above risks.

16. POSSIBLE TERMINATION OF CONTRACTS BY CLIENTS:

The clients typically retain the Company on a non-exclusive, project-by-project basis. Most of the client contracts, including those that are on a fixed-price basis, can be terminated with or without cause, with between 30 and 60 days' notice and without termination-related penalties. Additionally, the Company's contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. The Company's business is dependent on the decisions and actions of its clients, and there are a number of

factors relating to the Company's clients that are outside its control that might result in the termination of a project or the loss of a client, including:

- Financial difficulties for a client;
- A change in strategic priorities, resulting in a reduced level of IT spending;
- A demand for price reductions;
- A change in outsourcing strategy by moving more work to client in-house IT departments or to its competitors; and
- The replacement by its clients of existing software with packaged software supported by licensors. Its client contracts are often conditioned upon its performance, which, if unsatisfactory, could result in less revenue generated than anticipated. A number of the Company's contracts have incentive-based or other pricing terms that condition some or all of its fees on its ability to meet defined goals. The Company's failure to meet these goals or a client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

17. RELIANCE ON THIRD PARTIES FOR SALES AND IMPLEMENTATION SERVICES:

The Company sells its products and services directly through the sales teams and indirectly through third parties with whom the Company has entered into channel partnership agreements. If the Company fails to maintain and expand its relationships with its channel partners, its business, financial condition and results of operations could be adversely affected.

MP: The above are inherent industry-specific risks, which we are subject to as one of the players in the industry. Risk management is one of the functions our senior management who by remaining diligent respond to the situations as they arise.

18. LIKELIHOOD OF DISCONTINUANCE OF EMPLOYMENT BY KEY TECHNICAL AND MANAGERIAL PERSONNEL:

The Company is highly dependent on the senior members of its technical and management team, including the continued efforts of its Executive Chairman and Managing Director, its whole-time Directors, and other members of senior management. Its future performance may be affected by any disruptions in the continued service of these persons. The Company does not maintain any key person insurance for any of its key personnel. Competition for senior management in its industry is intense, and the Company may not be able to retain such senior technical and management personnel or attract and retain new senior technical and management personnel in the future. The loss of any members of its senior management or other key personnel may have a material adverse effect on its business, results of operations and financial condition. For details of the key managerial personnel, please refer to page 63 of this Prospectus.

MP: The Company is a professional-managers owned Company and its key management team owns a significant stake in the Company and further they consider their roles in the Company as significant milestone in their respective careers.

19. POSSIBLE DILUTION OF SHAREHOLDING DUE TO FUTURE EQUITY ISSUES:

Investors applying for the Equity Shares in this Issue may experience dilution of their shareholding to the extent the Company makes future equity offerings and to the extent additional options are issued under its employee stock option scheme.

20. THREATS AND WEAKNESSES:

As identified by the Appraising Agency through their Appraisal Report, the following are the threats and weaknesses *vis-à-vis* our company is as follows:

Threats:

- Though BFSI is known to have large spenders on IT and thus the BFSI market space for Aurionpro is large, these large spenders tend to consolidate their vendor base from time to time dropping several medium sized vendors from their vendor list.

- Immigration restrictions would restrict Aurionpro's ability to conduct and expand its operations in the United States, from where it plans to derive a substantial proportion of its revenues.

Weaknesses:

- Aurionpro's revenues are highly dependent on a small number of clients. The loss of any of the major clients or a decrease in the volume of work outsourced by them or a decrease in the price at which they outsource would adversely affect revenues and profitability.
- Aurionpro's growth depends on acquiring new customers for its services apart from increasing business from existing customers.
- The Company is a fairly new entrant in International banking.
- Size (vis-à-vis target market): The Company competes with large established players.
- The Company bears no visible brands.

21. ALLOTMENTS IN PREVIOUS 12 MONTHS:

The Company has issued shares to employees at a price which may be lower than the expected issue price within the previous 12 months, the details of which are appearing under the Head "Share Capital History of the Company" on page 15 of Prospectus.

22. PROJECT NOT APPRAISED BY BANK/ FINANCIAL INSTITUTION:

The Project has been appraised by Centrum Capital Limited, our BRLM. However, it is not been appraised by an independent agency like a Bank or Financial Institution. The deployment of Issue proceeds are at the discretion of the Issuer. However the Company has appointed Bank of India, an independent Monitoring Agency for monitoring utilization of funds raised through this Issue.

23. The Financial Statements of Agile Solutions LLC, USA, subsidiary of Aurionpro Solutions Limited are not audited.

MP: The Company has acquired Agile Solutions LLC, USA with effect from 1st September 2004. By 31st March 2005, acquisition of Agile Solutions LLC, USA is yet to complete one full year. In the consolidated financials of the Company, the contribution of USA subsidiary does not form a significant component. To elaborate, Sales and Net Profit of the USA subsidiary contributes 7.69% and 10.77% respectively of the consolidated Sales and Net Profit of the Company. The consolidation of the financial results have been reported by the Indian Auditors on the basis of the approval of the financial results of the USA subsidiary by the Board of the members

B. RISKS EXTERNAL TO THE COMPANY:

1. HIGH VALUATIONS IN THE SOFTWARE / IT SECTOR:

The share prices of companies operating the Software/ IT Sector are at present, enjoying high valuation in the market place, which may or may not sustain in the future. There are no standard valuation methodologies to measure or predict the valuations of the companies operating in this segment. Our Company's operations and business models are not strictly comparable with any other player in the industry.

2. STABILITY OF POLICIES & POLITICAL SITUATION:

A significant change in India's economic liberalization and deregulation policies could affect the business and economic conditions in India, which in turn could have an impact on the Indian companies with a concurrent effect on the market for the Company's products and services.

MP: The economic liberalization process is continuing in India and there is a reasonable consistency in the policies inspite of despite change in the governments and we have a reason to believe that it will continue through the foreseeable future.

3. VOLATILITY IN SHARE PRICES:

The price of the Company's equity shares in Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- a Volatility in the Indian and Global securities market;
- b The results of operations and performance;

- c Perceptions about the Company's future performance or the performance of Indian software companies;
- d Performance of the Company's competitors in the Indian Software industry and market perception of investments in the Indian software sector;
- e Adverse media reports on the Company or on the Indian software industry;
- f Change in the estimates of the Company's performance or recommendations by financial analysts;
- g. Significant development in India's economic liberalization and deregulation policies; and
- h. Changes in the applicable tax incentives;
- i. Significant development in India's fiscal and environmental regulations.
- j. The exchange rate of USD or SGD or any other relevant currency; and
- k. General political and security environment in the country and across the globe.

MP: There has been no public market for the Company's equity shares till now and the prices of the Company's equity shares may fluctuate after this Issue. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the Company's equity shares are initially offered will correspond to the prices at which the Company equity shares will trade in the market subsequent to this Issue. The Company's share price could be volatile and may also decline.

4. POSSIBLE DISRUPTIONS IN TELECOMMUNICATIONS AND BASIC INFRASTRUCTURE:

Any disruption in basic infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our clients. Such disruptions may also cause harm to our clients' 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 may result in the loss of clients and claims for damages against us, impose additional costs on us and have an adverse effect on our business, results of operations and financial condition.

5. SECURITY THREATS AND INADEQUATE PROTECTION TO COMPUTER SYSTEMS:

Our client contracts require us to comply with certain security obligations, including maintenance of network security, back-up of data, ensuring our network is virus-free and ensuring the credentials of those employees who work with our clients. We cannot assure you that we will be able to comply with all these obligations and not incur any liability. Further, while we have implemented industry-standard security measures, our network may still be vulnerable to unauthorized access, computer viruses and other disruptive problems. A party that is able to circumvent security measures could misappropriate proprietary information and cause interruptions in our operations. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that any measures implemented will not be circumvented in the future.

6. GLOBALLY COMPETITIVE ENVIRONMENT:

The Company operates in a globally competitive business environment. Growing competition may force it to reduce the price of its products which may reduce its revenues and margins and / or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

MP: The Company endeavours to increase the scope, volume and value of business in a competitive and risk-prone environment. It may rationalize its product and service offerings from time to time to leverage core competency and maintain competitiveness.

7. FOREIGN EXCHANGE FLUCTUATIONS:

Parts of the company's revenues and expenses are denominated in US Dollars and other international currencies. Thus the Company faces the risk of fluctuating exchange rates.

8. CHANGES IN THE DOMESTIC TAX LAWS:

Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

MP: Change in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company

9. VALUATION METHODOLOGY:

There are no standard valuation methodology or accounting practices in the emerging internet/ media and related industries. The financials of the company are not comparable with the players in the industry.

NOTES TO RISK FACTORS:

1. Public issue of 30,00,000 Equity Shares of Rs. 10 each comprising employee reservation of 2,50,000 Equity Shares and net offer to the public of 27,50,000 Equity Shares of face value of Rs. 10 each at a price of Rs. 90 for cash aggregating Rs. 2700 lacs (herein after referred to as “the Issue or Offer”).
2. The Issue is being made under clause 2.2.2 of SEBI (DIP) Guidelines, 2000 through 100% Book-Building Process wherein mandatory 50% of the issue size will be allocated on a discretionary basis to Qualified Institutional Buyers (“QIBs”). Further, upto 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price. In case the allotment to QIBs works out to less than 50% of the issue size, the Company shall return the entire application money.
3. The average cost of acquisition of Equity Shares by the Company’s Promoters, is Rs. 13.79 per share for Aurionpro Services Private Limited; Rs. 7.42 for Mr Sanjay Desai; Rs. 2.15 per share for Mr. Amit Sheth; Re.0.42 for Mr. Bhavesh Talsania and Rs.2.13 for Mr Paresh Zaveri.
4. The net asset value per Equity Share as of March 31, 2004 was Rs. 78.89 per share and as of March 31, 2005 was Rs. 13.54 per share based on financial statements. The Networth of the Company (as restated), as on March 31, 2004 was Rs. 260.50 lacs and as on March 31, 2005 was Rs. 1053.57 lakhs, For details please refer to Chapter on ‘Financial Statement’ on page 71 of this Prospectus.
5. Investors are advised to refer the paragraph on “Basis of Issue Price” on page 29 of this Prospectus before making an investment in the Issue.
6. Investors can contact Mrs. Angna Arora, Company Secretary and Compliance Officer of the Company for any clarifications/ complaints. The Compliance Officer will be available at the following address: 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093, India, **Tel:** +91-22-2832 1901; **Fax:** +91-22-2832 1932 **E-mail:** ipo@aurionprosolutions.com.
7. Please refer to page no. 76 of this Prospectus for details on Loans and Advances.
8. Investors are free to contact any of the BRLMs for any clarification or information pertaining to the Issue. All information shall be made available by the BRLMs and the Company 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.
9. Investors may contact the BRLMs and Syndicate Members for any complaints pertaining to the Issue.
10. Investors are advised to refer to the para titled “Basis of Issue Price” on page 29 of the Prospectus.
11. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to its Permanent Employees, Retail Bidders and Non-Institutional Bidders (Refer to the paragraph entitled “Basis of Allotment” on page 129 of this Prospectus). If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
12. Details of Related Party Transactions for last five years as given under the heading “Financial, Information” of this Prospectus.
13. The Company was incorporated on October 31, 1997 as Value Added Information Distribution Services Private Limited. The name of our Company was changed to VAIDS Technologies Private Limited on April 30, 2001 and subsequently to Aurionpro Solutions Private Limited on September 18, 2003. The Company was converted into a public limited Company on March 09, 2005.

SECTION III: INTRODUCTION

I. SUMMARY

Investors should read the following summary with the Risk Factors appearing on page number viii of this Prospectus and detailed information about us and our financial statements included in this Prospectus.

CORPORATE INFORMATION

BACKGROUND

Our Company, promoted by professionals having rich experience in banking and financial services domains, was incorporated on October 31, 1997 as a private limited Company and got converted into a public limited Company on March 09, 2005. We are headquartered in India and have presence in Singapore and in the USA through wholly owned subsidiaries.

Initially, we were providing bespoke IT services on Microsoft and Java technologies. In 1999, we got an opportunity to develop a solution for a leading Indian private sector bank in the cash management space and recognized banking solutions as an area for growth and crystallized the focus on BFSI segment.

In 2003, we enhanced the business potential by inducting Aurionpro Services Private Limited, as a Promoter. Aurionpro Services Private Limited, started by the banking professionals formerly with the Citigroup, is engaged in the business of providing high-end consulting and BPO services driven by their domain experience. This strategic partnership, under which Aurionpro Services Private Limited provides consultancy services and our Company, being a technology company, provides systems support both for process automation and outsourcing bridging, reflected the new value proposition of multiple competencies and enhanced management bandwidth.

A number of professional with banking and technology background subsequently joined us and built the niche extensively.

Currently, our Company has adequate infrastructure of approximately 5,400 Sq. Ft. in Mumbai and 189 employees as on August 30, 2005. The offices are equipped with adequate equipments and disaster recovery system to safeguard the business interests.

BUSINESS OF THE COMPANY

We, being a specialized provider of software solutions and offshore IT outsourcing services to the banking and financial services and technology companies, our solutions are a combination of domain knowledge and technical expertise. Over the years we have gained considerable experience in developing applications in Cash Management, Treasury and Risk management. We are working successfully with leading global banks and financial institutions and technology companies. Since inception we have been advocating and successfully executing projects based on the offshore delivery model with in-built flexibility, in allowing customers to choose what will best suit them. Our software solutions have helped our customers maximize profitability and manage risks better.

The key to our accomplishments are largely due to our ideal mix of senior managers and advisors, who share a rich background in banking and technology and have developed valuable relationships globally. Together, we have a wide network in the industry, a key to establishing the first line of credibility. The network also keeps us alive to global trends in banking from an insider perspective.

Today we positioned ourselves as a niche company in the area of cash management solutions, risk management solutions and treasury solutions and has leading private Indian banks and MNC banks as our customers. We have developed a successful track record of providing robust, transaction intensive products and solutions to lead players in the BFSI Sector such as HDFC Bank, UTI Bank, ABN Amro Bank, Deutsche Bank, BankServ,USA, Development Bank of Singapore, Kotak Bank, Qatar Insurance Corporation, etc.

While the BFSI Sector domain is our focus area for future growth, we also have an IT Services SBU in which we continued to provide offerings in IT services, capitalizing on our proven expertise in project management, technology delivery and customer friendly processes. This SBU also derives benefits from our partnerships and relationships developed over the years. The services SBU provides onsite and offshore development services to non banking customers globally. We also have an Offshore Development Centre (ODC) in Mumbai for the overseas customers. In this SBU, we have also developed a solution for a Company in Singapore, which is an ASP for a logistics and freight forwarding Company.

The IT services business has helped us to develop best practices in product implementation, offshore delivery and technology adoption. We have recently acquired Agile Solutions LLC a US-based company, along with prestigious clients, engaged in providing software development services to major companies.

Our Company's initial customers have now become well-entrenched champion relationships.

From a 10-member team in 1999, we have grown to a 189 member strong team as on August 30, 2005. Our Company was awarded ISO 9001:2000 certification by Det Norske Veritas (DNV).

COMPETITIVE STRENGTHS

● Promoters and Management

Our Promoters are professionals with financial services background with rich domain experience. A senior management team has logged rich experience with leading successful organizations.

● Early Entry

We are one of the earliest entrants to provide completely web-based solutions in cash management domain, addressing the nuances, intricacies and peculiarities of the banking business. The cash management business itself being at nascent stage in the banking system in Asia, with our capabilities, we enabled our first client to offer differentiated and customizable services to our customers. As our client-bank, became a leader in cash management with cost-effective services; we entrenched ourselves as a provider of robust, transaction intensive products and services to top private and MNC Banks.

● Range Of Product Offerings

Over the last three years, we have developed and rolled out a broad range of banking solutions. Our Products have evolved and are fairly comprehensive to meet customer's current and future needs. These products have been designed to address the varied and expanding requirements of our clients and have aided them achieve their business objectives. In tandem with our service offerings, these solutions enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.

● *Banking Products*

- Cash Management – *CashPro*
- Treasury – *BoursePro*
- Risk Management – *RiskPro*

● *Banking Services*

- Third Party Implementation Services
- Cheque Truncation Services

● *IT Services*

- Custom Application Development
- Re-engineering and Resource augmentation
- Technology migration
- Offshore Development Services

● Strong Delivery Process

Our Company maintains best practices in product implementation, offshore delivery and technology adoptions essential for any IT Company. We are ISO 9001:2000 certified company by Det Norske Veritas (DNV).

● Strategic Partnership

We formed a strategic partnership with Aurionpro Services Pvt. Ltd., a company founded by experienced banking professionals formerly with Citigroup, which enabled us to present a combined plate of comprehensive services to the BFSI Sector ranging from domain consulting to technical solutions.

● Technology And Skill Sets

Our Company's products and services are truly web-enabled having been built using the latest J2EE architecture providing seamless multi-channel ability. A number of technically qualified people, whose competence is constantly upgraded in line with the latest trends in the industry, form the core group of our technical team.

Our Company's cash management, risk management and treasury management products are functionally deep and rich in features, having been built on component-based J2EE architecture and XML-enabled with an established track record.

● Clientele

Our Company has major corporations in the BFSI Sector, such as HDFC Bank, DBS, UTI Bank, ABN Amro, BankServ, Centurion Bank, etc. as clients who believe in technology as a key business enabler.

- **Relationships**

We have been able to forge long, sustained and mutually beneficial relationships with our clients, which has enabled us to grow rapidly.

- **Geographies**

Our Offices and Software Development Centers are in Mumbai. Additionally we have direct presence in Singapore and the US through wholly-owned subsidiaries and partner networks in Middle East and Far East Asia.

- **Experience With Fixed-Price Engagement Models**

We have demonstrated the ability to successfully work with our clients using engagement models that tie into their business objectives. We deliver services on a range of fixed-price and time-and-material driven engagement models, through short-term as well as multi-year contracts. A significant portion of our contracts are on a fixed-price basis. We believe our ability to manage projects on a fixed-price basis to achieve our clients' business objectives is an important differentiator in our long-term client relationships.

- **Global Delivery Model**

We believe our delivery model represents a key competitive advantage. Over the past, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investments in our process, infrastructure and systems and refined our delivery model to effectively integrate onsite and offshore services. Our global development centres have been assessed at ISO 9001: 2000 certifications. These help us in delivering services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.

- **Strategic Focus On The Indian Market**

We have maintained a long-standing focus on the Indian market. For the Fiscals 2004 and 2005, the Indian market contributed 30% and 39%, respectively, of our total income. We believe that Indian banking offers opportunities to build world-class products and highly differentiated solutions, best of the breed delivery and implementation capabilities, through which we have obtained the experience necessary to bid and win global projects.

- **Expanding Global Operations**

In last few years, we have spread our presence to Singapore and the US, through subsidiaries. We have also established a strong and reliable partnership network in Middle East and Far East Asia. We plan to take our Company's presence to Europe as well. We believe that global presence will enable us to service and support our existing clients in a number of important markets and positions us well to develop new clients.

- **Ability To Scale**

We have successfully managed our growth by investing in infrastructure and by recruiting; training and rapidly deploying new professionals from a pool of highly qualified candidates from our base in India. We have the required management bandwidth to manage growth, both organically and inorganically.

THE POTENTIAL

- **Generation Change In Banking**

The Banking industry worldwide is undergoing a significant upheaval. The traditional revenue model of interest-spreads is fast becoming out-of-date. The new generation of banking demands a knowledge-based business that enables extended financial services and greater capital efficiencies. In response, banks are moving into new service areas that are technology enabled and fee based. Regulatory imperatives are also creating new investment requirements e.g. BASEL II requirement, anti money laundering requirements, etc.

- **Opportunity For Niche Vendors**

Core banking products that automate the functioning of a bank have now become a necessity for every bank to run basic operations and can no more offer differentiation in a competitive market place. Therefore Banks putting in place new systems that enable to reach customers in new ways, provide new financial services that leverage their core assets and bring in operational ability to provide incremental value addition to their customers on a continuous basis. This has created niche areas, where new technology players like our Company with the required domain skills can bring enhanced value.

Given the combination of domain and technology expertise within and a proven track record of our Company, we believe, we can tap the huge opportunity in the niche areas of Cash Management, Risk Management and Treasury Management of the BFSI Sector.

THE STRATEGY

We seek to consolidate our position as a leading provider of integrated IT solutions and services in our focus areas. We intend to accomplish this through:

- **Continued Enhancement Of Product Offerings**

Our products are currently customised to meet country-specific requirements and client needs in the geographic markets in which they are offered. We will continue to invest in enhancing the functionality of our existing range of products. We would add new channels for accessing the products by our customer. We believe this investment will allow us to enhance the competitive positioning of our product offerings and expand the size of the markets that we target.

- **Breadth in Products and Services**

Over the last few years, our cash management product portfolio has grown consistently. We have created newer products in treasury domain, thus mitigating business risk by reducing our dependence on the success of individual product lines. We will continue to invest in the creation of new intellectual property to fuel our growth in cash management, risk management and treasury areas. In addition, we continue offering a range of services to meet business needs of our existing clients and to acquire new clients.

- **Expanding our sales and marketing network**

In India and other parts of Asia, we have created a wide network of valuable relationships in the industry, a key to opening doors and establishing the first line of credibility. Also, International customers require both product expertise and local presence and understanding. For product and solution sales to international local banks our first line sales interface will be the local partners. These partners are typically well entrenched in their markets and this would ensure breaks into different countries, with an easier sales cycle. Partnerships are already been set in Singapore, Thailand, Malaysia, Indonesia, UAE, Qatar and other Middle East countries.

- **Maintaining Our Strategic Focus On The Indian Market**

We believe that India is a strategically important growth market that offers opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution. We intend to continue to focus on growing our India business. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute international projects.

- **Growing Our Business Through Mergers And Acquisitions**

We will evaluate on a case-by-case basis potential merger and acquisition targets that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We intend to pursue those transactions that are related to our key strengths, are synergistic and, in our assessment, have manageable integration risks.

- **IT Services Strategy**

Our current IT services include Custom application development (off-shore project development), System maintenance and support, Migration and Re-engineering and Resource Augmentation (J2EE/ .net skill sets). In consonance with our approach to sustain and use the current strengths, we will continue to leverage our technical capabilities and customer relationships in IT services. We continue to build business in the areas of offshore development center (ODC) services, testing services and enterprise application integration (EAI) services from overseas clients, mainly in the UK and USA.

II. ISSUE DETAILS:

Equity Shares offered:	
Through Fresh Issue of Equity Shares	30,00,000 Equity Shares of face value Rs. 10/- each
Of which:	
Reservation for permanent employees	2,50,000 Equity Shares of face value Rs. 10/- each (Allocation on a proportionate basis)
Net Offer to the Public	
Qualified Institutional Buyers portion	A mandatory 13,75,000 Equity Shares of face value Rs. 10/- each comprising of 50% of the Net Issue to the Public. (Allocation on a discretionary basis)
Non-Institutional portion	A minimum of 4,12,500 Equity Shares of face value Rs. 10/- each comprising of 15% of the Net Issue to the Public. (Allocation on a proportionate basis)

Retail portion	A Minimum of 9,62,500 Equity Shares of face value Rs. 10/- each comprising of 35% of the Net Offer(allocation on a proportionate basis)
Under subscription if any in the reservation category shall be added back to the net offer to the public portion.	
Under-subscription, if any, in any of the category other than QIB shall be allowed to be met through oversubscription in any other category. In case the allotment to QIBs works out to less than 50% of the Net Offer to the Public, the entire bid amount/ application money shall be refunded. The allocation to QIBs shall be determined by BRLMs at their sole discretion and in consultation with the Company.	
Equity Shares outstanding prior to the Issue	78,09,232 Equity Shares of face value Rs. 10 each
Equity Shares outstanding after the Issue	1,08,09,232 Equity Shares of face value Rs. 10 each
Use of Issue proceeds	Please see section entitled "Objects of the Issue" on page 21 of this Prospectus for additional information.

III. Summary Financial, Operating And Other Data:

The statutory financial statements of the Company prepared in accordance with Indian GAAP for the Fiscals 2001, 2002, 2003 and 2004 were audited by our Statutory Auditors Messrs. D. Kothary & Co., Chartered Accountants, Mumbai and for the Fiscal 2005 they were audited by our Joint Statutory Auditors Messrs. Chaturvedi & Shah, Chartered Accountants, Mumbai and Messrs. D. Kothary & Co., Chartered Accountants, Mumbai.

A. Summary of unconsolidated Financial Data under Indian GAAP

The following table sets forth the selected historical unconsolidated financial information of Aurionpro Solutions Limited derived from its restated and audited unconsolidated financial statements as of March 31, 2001, 2002, 2003, 2004 and 2005, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines and restated as described in the Auditors' Report of Messrs. Chaturvedi & Shah, Chartered Accountants, Mumbai and Messrs. D. Kothary & Co., Chartered Accountants, Mumbai dated May 30, 2005, included in the Section titled "Financial Information".

Summary of unconsolidated Profits & Losses as restated:

(Rs. in 000)

Particulars	2,001	2,002	2,003	2,004	2,005
Income					
Software services & products	20,381	19,031	32,385	45,496	86,073
Other Income	89	150	143	2	122
Increase / (Decrease) in Stock	2,796	1,061	377	(726)	3,603
Total Income	23,266	20,242	32,905	44,772	89,798
Expenditure					
Software Development and other expenses	19,639	16,882	25,822	35,312	57,304
Interest	67	123	939	1,736	1,257
Depreciation & Amortization	723	1,097	1,412	1,661	4,607
Total Expenditure	20,429	18,102	28,173	38,709	63,168
Profit Before Tax	2,837	2,140	4,732	6,063	26,630
Provision for Tax					
Current Tax	239	358	1,293	700	2,500
Deferred Tax	—	—	35	392	293
Profit After Taxation as per audited accounts (A)	2,598	1,782	3,404	4,971	23,837

(Rs. in 000)

Particulars	2,001	2,002	2,003	2,004	2,005
Adjustment on account of changes in accounting policies					
Capitalization of software purchased	3,000	–	–	–	–
Depreciation on Capitalised Software	(43)	(600)	(600)	(600)	(600)
Preliminary Expenses	1	1	(39)	10	33
Provision for Gratuity	(72)	(119)	(156)	122	294
Deferred Tax	(1,424)	66	496	546	(772)
Adjustment on account of Prior period Items	–	–	–	(55)	55
Total Adjustments	1,462	(652)	(299)	23	(990)
Tax impact of adjustments	–	(14)	(132)	(170)	(302)
Total of Adjustments after tax impact (B)	1,462	(638)	(167)	193	(688)
Net Profit /(Loss), as restated (A+B)	4,060	1,144	3,237	5,164	23,149
Profit & Loss Account at the beginning of the Period	1,416	5,173	6,033	8,660	12,928
Profit/(Loss) available for appropriation as restated	5,476	6,317	9,270	13,823	36,077
Prior period as per audited accounts	–	–	–	–	55
Excess provision for Tax written back	–	–	–	(20)	(6)
Dividend	207	209	314	479	743
Income tax on Dividend	21	-	40	61	104
Transferred to General Reserve	75	75	256	375	375
Transferred to share capital on allotment of bonus	–	–	–	–	10,818
BALANCE CARRIED FORWARD AS RESTATED	5,173	6,033	8,660	12,928	23,988

Summary Statement of Unconsolidated Assets and Liabilities as restated:

(Rs. in 000)

Particulars	As at March 31				
	2001	2002	2003	2004	2005
ASSETS					
A FIXED ASSETS					
Gross Fixed Assets	10,740	11,118	12,438	18,520	48,855
Less: Accumulated Depreciation	1,035	2,731	4,732	6,983	12,157
Net Fixed Assets	9,705	8,387	7,706	11,537	36,698
Capital work in progress	–	–	–	5,100	–
	9,705	8,387	7,706	16,637	36,698
B INVESTMENTS	3,500	3,702	3,702	4,342	26,657
C CURRENT ASSETS, LOANS & ADVANCES					
Inventories	2,796	3,857	4,234	3,507	7,110
Sundry Debtors	3,954	7,601	15,047	30,695	33,886
Cash & Bank Balances	224	765	712	996	14,090
Loans & Advances	3,415	4,672	4,699	7,250	6,304
	10,389	15,865	24,692	42,448	61,390

(Rs. in 000)

Particulars	As at March 31				
	2001	2002	2003	2004	2005
D LIABILITIES AND PROVISIONS					
Secured Loans	361	201	7,589	11,812	–
Unsecured Loans	2,842	4,291	1,216	1,068	328
Deferred Tax Liability	1,795	1,729	1,268	1,083	2,149
Share Application Money	–	–	–	12,142	–
Current Liabilities	3,997	5,781	4,307	6,663	11,547
Provisions	906	1,141	1,961	2,924	5,162
	9,901	13,143	16,341	35,692	19,186
E NET ASSETS (C - D)	488	2,722	8,351	6,756	42,204
F NET WORTH (A + B + E)	13,693	15,841	19,759	27,735	105,559
Represented by					
Share Capital	2,070	2,091	3,152	3,302	77,757
Reserves & Surplus	11,623	13,750	16,607	24,433	27,802
G NET WORTH	13,693	15,841	19,759	27,735	105,559

B. Summary of consolidated Financial Data under Indian GAAP:

The following table sets forth selected historical consolidated financial information of Aurionpro Solutions Limited derived from its restated and consolidated financial statements as of March 31, 2004 and 2005, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and restated as described in the auditors' report of Messrs. Chaturvedi & Shah, Chartered Accountants and D. Kothary & Co, Chartered Accountants, Mumbai dated May 30, 2005, included in the section titled "Financial Statements and Auditors Report" of this Prospectus and should be read in conjunction with those financial statements and the notes thereto.

Summary of Consolidated Profits & Losses as restated

Rupees in '000

Particulars	for the year ended March 31,	
	2004	2005
INCOME		
Software Services and Products	48,138	100,960
Other Income	7	152
Increase / (Decrease) in Stock	(726)	3,603
TOTAL INCOME	47,419	104,715
EXPENDITURE		
Software Development and other Expenses	37,677	68,149
Depreciation and Amortisation	1,661	4,634
Interest Expenses	1,767	1,257
TOTAL EXPENDITURE	41,105	74,039
PROFIT BEFORE TAX	6,314	30,676
Provision for Tax		
Current Tax	713	2,619
Deferred Tax	392	293
PROFIT AFTER TAX	5,209	27,708
PRIOR-PERIOD ADJUSTMENTS	–	(55)
NET PROFIT FOR THE YEAR	5,209	27,708
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR	7,218	11,532

Particulars	for the year ended March 31,	
	2004	2005
APPROPRIATIONS:		
Short/ (excess) provision of Tax	21	(6)
Transfer to Share Capital on allotment of Bonus	–	10,818
Proposed Dividend	479	743
Dividend Tax	61	104
Transferred to General Reserve	375	375
Transferred to General Reserve	3.75	
BALANCE CARRIED FORWARD	11,532	27,206

Statement of Consolidated Assets and Liabilities as Restated

Rupees in '000

Particulars	As at March 31,	
	2004	2005
ASSETS		
A. Goodwill	–	8,799
B. Fixed Assets		
a) Gross Block	15,520	45,992
b) Less: Depreciation	5,140	9,741
c) Net Block	10,380	36,251
Capital Work in Progress	5,100	–
TOTAL (B)	15,480	36,251
C. INVESTMENTS	4,342	4,343
D. CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories	7,110	3,507
b) Sundry Debtors	31,348	51,703
c) Cash & Bank Balances	1,872	14,546
d) Loans & Advances	6,454	6,459
TOTAL (D)	43,182	79,818
E. CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities	7,088	12,263
b) Provisions	2,913	5,921
TOTAL (E)	10,001	18,184
F. NET CURRENT ASSETS (D-E)	33,181	61,634
G. MISC. EXPENDITURE	33	–
TOTAL FUNDS APPLIED	53,036	111,026
LIABILITIES		
SHAREHOLDERS' FUNDS		
a) Share Capital	3,302	77,757
b) Reserves & Surplus	23,035	30,972
c) Share Application Money	12,143	–
LOAN FUNDS		
Secured Loans	11,812	–
Unsecured Loans	1,068	328
DEFERRED TAX LIABILITY	1,675	1,968
TOTAL FUNDS EMPLOYED	53,036	111,026

GENERAL INFORMATION**Incorporation**

Our Company was incorporated on October 31, 1997 as Value Added Information Distribution Services Private Limited with the Registrar of Companies, Maharashtra, Mumbai, under the Companies Act, 1956 vide Registration No. 11-111637. The name of our Company was changed to VAIDS Technologies Private Limited on April 30, 2001 and subsequently to Aurionpro Solutions Private Limited on September 18, 2003. Our Company got converted into a public limited Company on March 09, 2005.

REGISTERED OFFICE OF THE COMPANY	CORPORATE OFFICE OF THE COMPANY
Aurionpro Solutions Limited, 1 D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, India. Tel: +91-22- 2825 2721/22/23; Fax: +91-22- 2832 1932 E-mail: ipo@aurionprosolutions.com; Website: www.aurionpro.com	Aurionpro Solutions Limited, 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093 Tel: +91-22-2832 1901; Fax: +91-22-2832 1932
REGISTRATION NO.	REGISTRAR OF COMPANIES
11-111637 dated October 31, 1997.	The Registrar of Companies, 100, Everest, Marine Lines, Mumbai – 400 002, Maharashtra (India).

At the time of incorporation, the Registered Office of the Company was situated at 404, Gold Mohur, 174, Princess Street, Mumbai 400 002. With effect from December 17, 2004, the Registered Office of the Company is shifted to the present address.

BOARD OF DIRECTORS:

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

NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr. Sanjay A. Desai	Executive Chairman	Executive
Mr. Amit R Sheth	Managing Director	Executive
Mr. Bhavesh R. Talsania	Director	Executive
Mr. Paresh C. Zaveri	Director	Non-Executive
Mr. Prem G. Rajani	Director	Independent
Mr. Ajay Mittal	Director	Independent
Dr. Nikunj P. Kapadia	Director	Independent
Mr. Peter Max Huels	Director	Independent

Profile of the Whole-time Directors

Mr. Sanjay Desai is a Chartered Accountant and an alumnus of Indian Institute of Management, Bangalore. He has 17 years of rich experience across banking business development, product management, operations, quality assurance and systems. He gained global banking and technology experience through his stints with the Citigroup and brings in specific experience of the Middle East market. Prior to joining our Company as Promoter Director, Mr Sanjay was Director-Incubation Business in BFL Mphasis. He has been with our Company since February 18, 2003.

Mr. Amit Sheth, is a Production Engineer and a management graduate from Mumbai University. He has over 12 years of experience in corporate finance, equities and technology. He has a deep understanding of banking processes and operations, especially in the cash management area and has a strong network of relationships in the banking sector in India and Middle East. He has been the key driver of business development in the Indian and Middle Eastern markets. He worked with organizations such as Twentieth Century Finance and Lloyds Securities before co-founding our Company. He is the Director of our Company since inception. In his capacity as the Managing Director, he looks after the overall operations of our Company. For the details of his remuneration please refer to page 59 of this Prospectus under the caption "Terms Of Appointment And Compensation Of Whole-Time Directors".


Mr. Bhavesh Talsania, is a qualified Chartered Accountant and Bachelor of Laws. He has over 15 years of experience in managing software delivery and data processing operations. Over the years he has been instrumental in building best of class delivery processes in our Company. Through his stint in Consolidated Shares and Services, a data processing company acting as registrar to public offerings, he logged a useful experience in principles of delivery. Prior to our Company, he was Technical Consultant with Miles Consulting. In our Company he heads the IT Services SBU. For the details of his remuneration please refer to page 59 of this Prospectus under the caption "Terms Of Appointment And Compensation Of Whole-Time Directors".

Aurionpro Solutions Limited

Profiles of other Directors of the Company are appearing on page nos. 58 of this Prospectus under the heading "Brief Profile of the Directors".

COMPANY SECRETARY AND COMPLIANCE OFFICER	LEGAL ADVISORS TO THE COMPANY
Mrs. Angna Arora, Company Secretary and Compliance Officer, Aurionpro Solutions Limited, 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093. Tel: +91-22-2832 1901 Fax: +91-22-2832 1932 E-mail: ipo@aurionprosolutions.com	Hariani & Co., Advocates and Solicitors, Alli Chambers, Gr. Floor, Homi Mody, 2nd X Lane, Fort, Mumbai – 400 023. Tel: +91-22-5635 6723 Fax: +91-22-2265 6823 E-mail: siddharth.hariani@h-and-co.com

BANKERS TO THE COMPANY	
BANK OF INDIA, Mahim Branch, Gohil House, Lady Jamsetji Road, Mahim, MUMBAI 400016 Tel: +91-22-2445 2256 Fax: +91-22-2446 1517 E-mail: boimahimbr@vsnl.net	HDFC BANK LIMITED, Ahura Centre Branch, MIDC, Andheri East, MUMBAI 400 093 Tel: +91-22-28267252 Fax: +91-22-28262758 E-mail: rajendra.rao@hdfcbank.com

BOOK RUNNING LEAD MANAGERS	
	
CENTRUM CAPITAL LIMITED Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020. Tel: +91-22- 2202 3838 Fax: +91-22- 2204 6096 Email: aurionPro@centrum.co.in SEBI Regn No. INM000010445 UIN No. 100016915 AMBI Regn No.: AMBI/087 Contact Person: Mr. Mayank Dalal	KARVY INVESTOR SERVICES LIMITED, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 Tel :+91-40-23320251/ 23320751 Fax No.: +91-40-23374714 Email: mbd@karvy.com SEBI Regn No. INM000008365 UIN No. 100029413 Contact Person: Mr. T. R. Prashanth Kumar

BANKERS TO THE ISSUE/ ESCROW COLLECTION BANKS		
Standard Chartered Bank, Client Relationships, Wholesale Banking, 90, Mahatma Gandhi Road, Fort, Mumbai - 400 001. Tel: +91-22- 2269 0717 Fax: +91-22- 2262 2302 Email: Elesh.Ramaiya@in.standardchartered.com Website: www.standardchartered.co.in SEBI Regn No. INB100000885 Contact: Mr. Elesh Ramaiya.	Centurion Bank Ltd. Central Bombay Infotech Park, Block C, 101, KK Marg, Mahalaxmi, Mumbai - 400 011 Tel: +91-22-5554 0000 Fax: +91-22-5554 0022 Email: sramkumar@centurianbank.com Website: www.centurionbank.com SEBI Regn No. INB100000085 Contact Person: S.Ramkumar	HDFC Bank Limited, HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013. Tel: +91-22-28569228 Fax: +91-22-28569256 Email: viral.kothari@hdfcbank.com Website: www.hdfcbank.com SEBI regn No. INB100000063 Contact Person: Viral Kothari

SYNDICATE MEMBERS		REGISTRAR TO THE ISSUE
ADVANI SHARE BROKERS PRIVATE LIMITED, Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020. Tel: +91 – 22 – 2202 3838 Fax: +91 – 22 – 2204 6096 Email: aurionPro@centrum.co.in UIN No. 100039040 Contact Person: Mr. Amit Shah	KARVY STOCK BROKING LTD. "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 Tel: +91-40-23312454 Fax No.: +91-40-23311968 Email: mbd@karvy.com Contact Person: Mr. K. Sridhar	BIGSHARE SERVICES PVT LTD E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri East, MUMBAI 400 072 Tel: +91 – 22 – 2847 3747/3474 Fax: +91 – 22 – 2847 5207 Email: bigshare@bom7.vsnl.net.in SEBI Regn No. INR000001385 UIN No. 100003467 Contact Person: Mr. V. Kumaresan

Investors can contact the Compliance Officer or the Registrar to the Issue regarding any pre- Issue or post-Issue related matters such as CANs, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS TO THE COMPANY	
M/S. CHATURVEDI & SHAH, Chartered Accountants, A-3, Laxmi Towers, 1st floor, Bandra Kurla Complex, Bandra East, Mumbai Tel: +91 – 22 – 5642 8400 Fax: +91 – 22 – 5642 8425 Email: lala@chaturvedi-and-shah.com	M/S. D. KOTHARY & CO., Chartered Accountants, 149, Behram Mahal, 2nd Floor, 534, Dhobi Talao, Mumbai – 400 002 Tel: +91 – 22 – 2209 3344/2203 6688 Fax: +91 – 22 – 2201 7174 Email: info@dkothary.com

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in this Issue have been distributed amongst Centrum Capital Limited (Centrum) and Karvy Investor Services Ltd (Karvy) as under:

SR. NO.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Centrum, Karvy	Centrum
2.	Due diligence of the company's operations /management / business plans/legal etc.	Centrum, Karvy	Centrum
3.	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Centrum, Karvy	Centrum
4.	Drafting and approval of Issue and statutory publicity material, etc.	Centrum, Karvy	Centrum
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	Centrum, Karvy	Centrum
6.	Appointment of Registrar, Bankers and Ad agency	Centrum, Karvy	Centrum
7.	Appointment of Printer	Centrum, Karvy	Centrum
8.	Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> ● Formulating marketing strategies, preparation of publicity budget ● Finalize Advertising, Media & PR strategy ● Finalizing centers for holding conferences for brokers, etc. ● Finalize collection centers ● Finalise Brokers to Issue. ● Finalise Underwriters and the Underwriting Arrangement ● Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Offer material 	Centrum, Karvy	Centrum
9.	Preparation of presentation, Finalising the list of QIBs, Division of QIBs for one to one meetings, road show related activities and order procurement	Centrum, Karvy	Karvy
10.	Managing the Book, co-ordination with Stock Exchanges, finalising of Pricing and Allocation	Centrum, Karvy	Karvy
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, follow-up with Bankers to the Issue to get quick estimates of collection and advising the Issuer about closure of the Issue, based on correct figures, Refund to Bidders, etc.	Karvy	Karvy

SR. NO.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
12.	The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Banker(s) to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Karvy	Karvy
13.	Invoking the Underwriting obligations and ensuring the underwriters pay the amount of devolvement.	Karvy, Centrum	Karvy

The selection of various agencies like the Registrar to the Issue, Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies, etc. will be finalized by the Company in consultation with the BRLMs.

Even if other intermediaries will handle many of these activities, the designated BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreements with the Company.

CREDIT RATING

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

TRUSTEES

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

MONITORING AGENCY:

Bank of India, Mumbai has been appointed as a Monitoring Agency for utilization of the Issue proceeds.

<p>APPRAISING AGENCY</p> 
<p>CENTRUM CAPITAL LIMITED Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020. Tel: +91-22- 2208 3838 Fax: +91-22- 2204 6096 Email: aurionPro@centrum.co.in SEBI Regn No. INM000010445 UIN No. 100016915</p>

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers (BRLM), in this case being M/s. Centrum Capital Limited and Karvy Investor Services Limited.
3. Syndicate Members, who are the intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs.
4. The Registrar to the Issue.

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein at least 50% of the Net Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers (QIBs). Further, upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less 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.

The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. See page 111 for the section titled "Terms of the Issue" in this Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding (refer to the section "Issue Procedure – Who can Bid" on page 114 of this Prospectus);
- Ensure that the bidder has a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Prospectus and in the Bid cum Application Form.
- Ensure that the Bid cum Application Form is accompanied by the PAN, or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.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 centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	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 quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs.22/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. Since the issue of shares is governed by clause 2.2.2 of SEBI (DIP) Guidelines, 2000, the underwriting shall be for 50% of the Net Issue to the Public, i.e. the allotment of the Issue Size to QIBs shall not be underwritten.

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
CENTRUM CAPITAL LIMITED, Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020.	6,87,400	618.66
KARVY INVESTOR SERVICES LIMITED, "Kary House", 46, Avenue 4, Street No.1, Banjara Hills, HYDERABAD 500 034.	6,87,400	618.66
ADVANI SHARE BROKERS PRIVATE LIMITED Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020.	100	0.09
KARVY STOCK BROKING LTD. "Kary House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034	100	0.09

The above Underwriting Agreement is dated October 11, 2005.

Aurionpro Solutions Limited

In the opinion of the Board of Directors and the Book Running Lead Managers (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The Board of Directors, at their meeting held on October 8, 2005 have accepted the Underwriting Agreement mentioned above on behalf of the Company and the same was executed on October 11, 2005.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different amongst the Underwriters.

CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL	IN RUPEES	
	FACE VALUE	TOTAL VALUE INCLUDING PREMIUM
A. Authorized Capital 1,20,00,000 Equity Shares of Rs.10 each	12,00,00,000	
B. Issued Subscribed and Paid-Up Capital before the Issue 78,09,232 Equity Shares of Rs.10 each fully paidup	7,80,92,320	
C. Present Issue in terms of this Prospectus Issue of 30,00,000 Equity Shares of Rs. 10 each Out of which:	3,00,00,000	27,00,00,000
(i) Reserved for the permanent Employees 2,50,000 Equity Shares of Rs. 10 each	25,00,000	2,25,00,000
(ii) Net Offer to the Public 27,50,000 Equity Shares of Rs. 10 each	2,75,00,000	24,75,00,000
D. Paid-Up Equity Capital after the Issue Issue of 1,08,09,232 Equity Shares of Rs. 10 each	10,80,92,320	–
E. Share Premium Account Before the Issue		23,07,770
After the Issue		24,23,07,770

8.33% of the issue size i.e. 2,50,000 Equity shares of the face value of Rs. 10 each have been reserved on a competitive basis for the employees including Whole-time Directors of the Company. Permanent employees on the payroll of the Company as on the date of filing the Red Herring Prospectus with ROC (Red Herring Prospectus was filed with ROC on September 12, 2005) are eligible to apply in this category.

Details of Increase in Authorised Capital:

Date	Increased from		Increased to	
	Number of Shares	Amount (Rs in lacs)	Number of Shares	Amount (Rs in lacs)
On Incorporation	–	–	10,000	1.00
August 17, 1999	10,000	1.00	2,50,000	25.00
March 31, 2003	2,50,000	25.00	5,00,000	50.00
April 20, 2004	5,00,000	50.00	20,00,000	200.00
February 25, 2005	20,00,000	200.00	1,20,00,000	1200.00

Notes To The Capital Structure:**1. Share Capital History of the Company:**

Date on which Equity Shares were allotted and made fully paid-up	Number of Equity Shares	Face Value in Rupees	Issue Price in Rupees	Consideration	Reasons for Allotment (Bonus, Swap Etc.)	Cumulative Number of Equity Shares	Share Premium in Rupees	Rationale of Issue Price
31.10.1997	20	10	10	Cash	Initial Subscription	20	–	Initial Subscription
03.03.1999	9,000	10	10	Cash	Preferential allotment to Promoters	9,020	–	Additional Capital by promoters
21.12.1999	1,66,980	10	10	Cash	Preferential allotment to Promoters	1,76,000	–	Additional Capital by promoters
29.12.1999	12,000	10	250	Cash	Preferential allotment to friends	1,88,000	28,80,000	Issue at *pre money enterprise valuation of Rs. 440 lacs
24.01.2000	12,000	10	250	Cash	Preferential allotment to friends	2,00,000	57,60,000	Issue at *pre money enterprise valuation of Rs. 440 lacs
21.07.2000	4,000	10	250	Cash	Preferential allotment to friends	2,04,000	67,20,000	Issue at *pre money enterprise valuation of Rs. 440 lacs
27.11.2000	3,000	10	250	Cash	Preferential allotment to friends	2,07,000	74,40,000	Issue at *pre money enterprise valuation of Rs. 440 lacs
27.07.2001	2,100	10	10	Cash	Preferential allotment to Promoter & Relatives	2,09,100	74,40,000	Preferential allotment to promoter's group
18.06.2002	2,100	10	10	Cash	Preferential allotment to Promoter & Relatives	2,11,200	74,40,000	Preferential allotment to promoter's group
31.03.2003	1,04,000	10	10	Cash	As per strategic Agreement with Aurionpro Services Private Limited	3,15,200	74,40,000	As per strategic agreement with Aurionpro Services Private Limited
17.12.2003	15,000	10	222.10	Cash	Preferential allotment to Promoters & friends	3,30,200	1,06,21,500	*Pre money enterprise valuation of Rs. 700 lacs
15.04.2004	22,000	10	50	Cash	Preferential allotment to friends & employees	3,52,200	1,15,01,500	Preferential allotment to business associates and employees
16.04.2004	55,000	10	222.10	Cash	Preferential allotment to Promoters & friends	4,07,200	2,31,67,000	*Pre money enterprise valuation of Rs. 700 lacs

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Date on which Equity Shares were allotted and made fully paid-up	Number of Equity Shares	Face Value in Rupees	Issue Price in Rupees	Consideration	Reasons for Allotment (Bonus, Swap Etc.)	Cumulative Number of Equity Shares	Share Premium in Rupees	Rationale of Issue Price
28.06.2004	12,21,600	10	–	Bonus	Allotment of Bonus to existing shareholders by capitalization of reserves	16,28,800	1,09,51,000	Bonus
30.06.2004	1,05,237	10	100	Cash	Rights Issue	17,34,037	2,04,22,330	Rights at *pre money valuation of Rs. 1628.80 lacs
17.12.2004	2,03,396	10	150	Cash	Preferential allotment to friends & Promoters	19,37,433	4,88,97,770	Allotment at *pre money enterprise valuation of Rs. 2601 lacs
31.01.2005	6,500	10	150	Cash	Preferential allotment to friends	19,43,933	4,98,07,770	Allotment at *pre money enterprise valuation of Rs. 2601 lacs
31.03.2005	58,31,799	10	–	Bonus	Allotment of bonus to existing Shareholders by capitalization of reserves	77,75,732	23,07,770	Bonus
02.05.2005	33,500	10	10	Cash	Preferential allotment to employees	78,09,232	23,07,770	Allotment to Employees
Total	78,09,232	10				78,09,232		

* The "Pre money enterprise valuation" denotes the valuation of the enterprise (i.e. the Issuer Company) as assessed by the investors *before* making their proposed investment in the Company. As the valuation of the Company tends to change *after* the investment of money therein, it is indicated specifically that the valuation as assessed by the Investors is before their investment (i.e. "pre money enterprise valuation").

Note:

- Bonus Issue on 28.06.2004 is made by utilizing Rs. 1,22,16,000 from the Share Premium Account.
- Bonus Issue on 31.03.2005 is made by utilizing Rs. 4,75,00,000 from the Share Premium Account and Rs. 1,08,17,990 from the balance in Profit & Loss Account.

2. Promoters Contribution And Lock-In:

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid-up	Nature of payment or consideration	Number of Equity Shares	Face Value in Rupees	Issue Price In Rupees	Percentage of paid-up capital		Lock-in period in years *
						Pre-Issue	Post-Issue	
a. Aurionpro Services Pvt Ltd	31.03.2003	Cash	1,04,000	10	10	1.33	0.96	1
	28.06.2004	Bonus	3,12,000	10	Bonus	4.00	2.89	1
	30.06.2004	Cash	27,733	10	100	0.35	0.26	1
	31.03.2005	Bonus	3,61,199	10	Bonus	4.63	3.34	1
	31.03.2005	Bonus	9,70,000	10	Bonus	12.42	8.97	3
	Total		17,74,932			22.73	16.42	
b. Mr. Sanjay Desai	28.06.2004	Bonus	31,278	10	Bonus	0.40	0.29	1
	30.06.2004	Cash	3,269	10	100	0.04	0.03	1
	17.12.2004	Cash	16,666	10	150	0.21	0.15	1
	31.03.2005	Bonus	4,639	10	Bonus	0.06	0.05	1
	31.03.2005	Bonus	1,49,000	10	Bonus	1.91	1.38	3
	Total		2,04,852			2.62	1.90	

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid-up	Nature of payment or consideration	Number of Equity Shares	Face Value in Rupees	Issue Price In Rupees	Percentage of paid-up capital		Lock-in period in years *
						Pre-Issue	Post-Issue	
c. Mr. Amit Sheth	30.09.1997	Cash	10	10	10	–	–	
	03.03.1999	Cash	1,800	10	10	0.02	0.02	1
	21.12.1999	Cash	23,490	10	10	0.30	0.22	1
	28.06.2004	Bonus	1,35,900	10	Bonus	1.75	1.26	1
	17.12.2004	Cash	8,000	10	150	0.10	0.07	1
	31.03.2005	Bonus	1,85,600	10	Bonus	2.38	1.71	1
	31.03.2005	Bonus	3,22,000	10	Bonus	4.12	2.98	3
	Total		6,76,800			8.67	6.26	
d. Mr. Bhavesh Talsania	30.09.1997	Cash	10	10	10	–	–	1
	03.03.1999	Cash	1,800	10	10	0.02	0.02	1
	21.12.1999	Cash	28,390	10	10	0.36	0.26	1
	28.06.2004	Bonus	1,30,600	10	Bonus	1.67	1.28	1
	31.03.2005	Bonus	2,08,400	10	Bonus	2.67	1.93	1
	31.03.2005	Bonus	3,34,000	10	Bonus	4.28	3.09	3
	Total		7,03,200			9.00	6.51	
e. Mr. Paresh Zaveri	21.12.1999	Cash	48,900	10	10	0.63	0.45	1
	28.06.2004	Bonus	1,46,700	10	Bonus	1.88	1.36	1
	30.06.2004	Rights	460	10	100	0.01	–	1
	17.12.2004	Cash	8,000	10	150	0.10	0.07	1
	31.03.2005	Bonus	2,25,330	10	Bonus	2.89	2.08	1
	31.03.2005	Bonus	3,86,850	10	Bonus	4.95	3.58	3
	Total		8,16,240			10.45	7.55	

* Lock-in period shall start from the date of allotment of Equity Shares in terms of this Prospectus.

Lock-in of Minimum Promoters Contribution:

Name	Date of allotment	Consideration	No. of Shares	Face Value	Issue Price	% of Post Issue	Lock-in period
Aurionpro Services Private Limited	31.03.2005	Bonus	9,70,000	10	Bonus	8.97	3
Mr. Sanjay Desai	31.03.2005	Bonus	1,49,000	10	Bonus	1.38	3
Mr. Amit Sheth	31.03.2005	Bonus	3,22,000	10	Bonus	2.98	3
Mr. Bhavesh Talsania	31.03.2005	Bonus	3,34,000	10	Bonus	3.09	3
Mr. Paresh Zaveri	31.03.2005	Bonus	3,86,850	10	Bonus	3.58	3
TOTAL			21,61,850	10		20.00	3

3. The Promoters Messrs. Aurionpro Services Private Limited, Mr. Amit Sheth, Mr. Sanjay Desai, Mr. Bhavesh Talsania and Mr. Paresh Zaveri have given their approval for lock – in of their shareholding as specified above, for vide their letter dated May 15, 2005. Shares issued last shall be locked-in first. The entire pre-capital, other than that locked-in as minimum promoters' contribution shall be locked in for a period of one year from the date of allotment.

The securities held in physical mode and which are subject to lock-in shall carry inscription 'non transferable' along with duration of specified non-transferable period mentioned in the face of the security certificate.

4. The shares locked in by the Promoters are not pledged to any party. The Promoter may pledge the Equity Shares with banks or FIs as additional security for loan whenever availed by him from banks/FIs.
5. Shares held by the persons other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

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6. Shares held by promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, may be transferred to and amongst promoter/ promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
7. Participation in the present issue by the promoters shall be locked-in for a period of one year from the date of allotment in the current issue.
8. The Promoters including Promoter Group and Associates and Directors have purchased / sold Equity Shares of the Company, the preceding six months transactions at the time of filing with ROC. The details are as given below:

Sr.No.	Date	Promoter/ Promoter Group	Purchased/ Sold	No of Equity Shares	Price per each Share
1.	01.12.2004	Mr. Paresh Zaveri	Sold	2,000	Nil**
2.	15.02.2005	Mr. Paresh Zaveri	Sold	13,040	Nil**
3.	15.02.2005	Mr. Bhavesh Talsania	Sold	20,000	Rs.145
4.	15.02.2005	Mr. Amit R Sheth	Sold	20,000	Rs.145
5.	15.02.2005	Mr. Sanjay A Desai	Sold	17,750	Rs.150
6.	15.02.2005	Mr. Paresh Zaveri	Purchased	2,000	Rs.145
7.	02.05.2005	Mr. Bhavesh Talsania	Sold	20,000	Rs. 145
8.	02.05.2005	Mr. Bhavesh Zaveri	Sold	20,000	Rs. 37.50
9.	15.02.2005	Anantrai Desai (HUF)	Sold	4,150	Rs. 145
10.	15.02.2005	Mr. Bhavesh Zaveri	Sold	12,000	Rs. 145

Mr. Sanjay Desai, Mr. Bhavesh Talsania and Dr. Mahendra Mehta are the Directors of Aurionpro Services Private Limited, corporate promoter of our company. The information regarding the aggregate number of securities purchased or sold by Mr. Sanjay Desai and Mr. Bhavesh Talsania during a period of six months preceding the date on which Prospectus is filed with ROC are mentioned hereinabove. Dr. Mahendra Mehta has not purchased or sold any shares of the company during the said period.

**The shares have been gifted to the transferees. Thus the price per share is Rs. NIL.

9. Shareholding pattern of the Company before and after the Issue:

Category	Pre-Issue		Post-Issue	
	Number of Shares	%	Number of Shares	%
Promoters				
Aurionpro Services P Ltd	17,74,932	22.73	17,74,932	16.42
Mr Sanjay Desai	2,04,852	2.62	2,04,852	1.90
Mr. Amit Sheth	6,76,800	8.67	6,76,800	6.26
Mr. Bhavesh Talsania	7,03,200	9.00	7,03,200	6.51
Mr Paresh Zaveri	8,16,240	10.45	8,16,240	7.55
Total (Promoters)	41,76,024	53.47	41,76,024	38.64
Relatives	3,09,360	3.96	3,09,360	2.86
Total Promoter Group	44,85,384	57.43	44,85,384	41.50
Employees of the Company	75,500	0.97	3,25,500	3.01
Others Investors-				
Individuals	14,51,048	18.58	14,51,048	13.42
Indian Company	1,29,332	1.66	1,29,332	1.19
NRI/ Foreign Company	16,61,960	21.28	16,61,960	15.38
Directors (Other than Promoter Directors)	6,000	0.08	6,000	0.06
	32,48,348	41.60	32,48,348	30.05
Public	–	–	27,50,000	25.44
Total	78,09,232	100.00	1,08,09,232	100.00

* It is assumed that the reservation for Employees is subscribed to the full extent.

The aggregate Shareholding of the Directors of Aurionpro Services Private Limited in our Company before and after the Issue is as below:

Directors	Pre-Issue		Post-Issue	
	Number of Shares	%	Number of Shares	%
Mr Sanjay Desai	2,04,852	2.62	2,04,852	1.90
Mr. Bhavesh Talsania	7,03,200	9.00	7,03,200	6.51
Dr. Mahendra Mehta	20,000	0.26	20,000	0.18
Total	9,28,052	11.88	9,28,052	8.59

10. Buy-back and Standby Arrangement:

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

11. The Company has not raised any bridge loan against the proceeds of the Issue.
12. The Equity Shares offered through this Public Issue will be fully paid-up.
13. In this Issue, in case of over-subscription in all categories, mandatory 50% of the Net Issue to the Public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. At the sole discretion of the Company and the BRLMs undersubscription, if any, other than in QIB category would be allowed to be met with spill over from any other category. In case the allotment to QIBs works out to less than 50% of the Net Issue to the Public, the entire bid amount/ subscription money shall be refunded.
14. Equity Shares held by top TEN Shareholders:

- a. Particulars of top ten shareholders as on the date of filing of the Prospectus with RoC.

Sr.No.	Name of the Shareholder	Total No of Shares
1	Aurionpro Services Private Ltd.	17,74,932
2	Paresh Zaveri	8,16,240
3	Bhavesh R. Talsania	7,03,200
4	Amit R. Sheth	6,76,800
5	Insight Holdings Pte Ltd.	6,00,000
6	Naishadh Paleja	5,80,000
7	Atim Kabra	3,59,068
8	Banesh Prabhu	2,56,000
9	Sanjay A. Desai	2,04,852
10	Sandeep Daga	1,96,000

- b. Particulars of top ten shareholders 10 days prior to the date of filing of the Prospectus with RoC

Sr.No.	Name of the Shareholder	Total No of Shares
1	Aurionpro Services Private Ltd.	17,74,932
2	Paresh Zaveri	8,16,240
3	Bhavesh R. Talsania	7,03,200
4	Amit R. Sheth	6,76,800
5	Insight Holdings Pte Ltd.	6,00,000
6	Naishadh Paleja	5,80,000
7	Atim Kabra	3,59,068
8	Banesh Prabhu	2,56,000
9	Sanjay A. Desai	2,04,852
10	Sandeep Daga	1,96,000

Aurionpro Solutions Limited

c. Particulars of top ten shareholders 2 years prior to the date of filing of the Prospectus with RoC.

Sr.No.	Name of the Shareholder	Total No of Shares
1	Aurionpro Services Private Ltd.	1,04,000
2	Bhavesh R. Talsania	57,200
3	Paresh Zaveri	55,400
4	Amit R. Sheth	55,300
5	M.M.Global Services Pte. Ltd.	8,000
6	Sandeep Daga	8,000
7	Arti S. Desai	4,200
8	Naishadh Paleja	4,000
9	Madhukar H. Shah	2,000
10.	Madhuri M. Kela	2,000
11.	Prashant Kothari	2,000
12.	Sanjay Shah	2,000
13.	Sukhmandir Lamba	2,000

15. As of the date of the Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
16. The Company has not revalued any of its Fixed Assets. It has not issued any Equity Shares out of revaluation reserves. Bonus Shares have been issued out of free reserves.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
18. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
19. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
20. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
21. The total number of members of the Company as on May 31, 2005 are 100.
22. An oversubscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of while finalising the allotment.
23. 2,50,000 Equity Shares, has been reserved for allocation to the Permanent Employees on a proportionate basis, subject to valid bids being received at or above the issue price. Only Permanent employees as on the date of filing the Red Herring Prospectus with RoC (Red Herring Prospectus was filed with ROC on September 12, 2005) ., would be eligible to apply in this issue under reservation for its Employees. Employees may bid in the Net Offer portion as well and such Bids shall not be treated as multiple Bids. Any under subscription in the Equity Shares under the Employee reservation portion would be treated as part of the Net Offer. Under subscription in this category, if any, shall be added back to the net offer to the public.
24. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
25. Promoters' Contribution has been brought in to the extent of specified minimum lot from persons defined as 'Promoters' under the guidelines.

OBJECTS OF THE ISSUE

The Objects of the Issue are

- A. to raise financial resources for
- I. Expansion of Facilities
 - II. Certifications
 - III. Acquisitions
 - IV. Setting-up of overseas Offices
 - V. Providing additional Working Capital
- B. to get our Company's shares listed on BSE and NSE and meet expenses of the issue.

The main objects clause and objects incidental or ancillary to the main objects of the MoA of the Company enable it to undertake its existing activities and the activities for which the funds are being raised through this Issue.

APPRAISAL

On the request of the Company, Centrum Capital Limited, a category I Merchant banker having a net worth of more than Rs. 10 Crores registered with the SEBI, has appraised the project and reported on the activities carried out and / or proposed to be carried out under the Project. Centrum Capital Limited has, for the limited purpose of the IPO of Equity Shares, prepared an Appraisal Report dated May 31, 2005, for the use of Aurionpro and the Stock Exchanges. The Cost of the Project and Means of Finance stated in this Prospectus reflects the Cost of the Project and Means of Finance estimated and envisaged in the said Appraisal Report and there is no revision either in the Cost of the Project or in the Means of Finance. The weaknesses and threats identified in the said Appraisal Report have been included in this Prospectus under the Risk Factors as Sr. No. 20.

REQUIREMENT OF FUNDS

The total estimated requirement of funds is as follows

Rs in Lacs

Sr.No.	Description	Total
I.	EXPANSION OF FACILITIES	779.40
II.	CERTIFICATION	29.09
III.	ACQUISITIONS / INVESTMENTS	1358.39
IV.	ESTABLISHING OVERSEAS OFFICES	355.05
V.	INCREMENTAL WORKING CAPITAL	417.97
VI.	PUBLIC ISSUE EXPENSES	182.75
	Total	3122.65

FUNDING PLANS (MEANS OF FINANCE):

The above fund requirement is proposed to be met through the following funding plan:

Sr. No.	Description	Total Rs in Lacs
I.	PROCEEDS FROM THE PRESENT IPO 30,00,000 Equity Shares of Rs. 10 each at Rs. 90	
	Share Capital	300.00
	Share Premium	2400.00
		2700.00
II.	PRIVATE PLACEMENT OF SHARES 209,896 Equity Shares of Rs. 10 each at a price of Rs. 150 per share	
	Share Capital	20.99
	Share Premium	293.85
		314.84
III.	INTERNAL ACCRUALS	107.81
	TOTAL	3122.65

Out of the above stated means of finance, the company has already sourced Rs. 314.84 lacs, by privately placing 2,09,896 Equity Shares of Rs. 10 each at a price of Rs. 150 with certain investors. Thus, the company has already made firm arrangements towards more than 75% of the stated means of finance excluding the amount to be raised through the present IPO. The balance portion, in the Company's belief, can be met through the internal accruals as stated in the above means of finance.

In case of shortfall, the Project Expenses shall be met through the Internal Accruals and excess funds, if any received shall be utilized for acquisitions.

SCHEDULE OF IMPLEMENTATION & STATUS

Expansion of Facilities

The expansion of facilities is to cater to the growth prospects of Aurionpro for the Fiscal 2006 and Fiscal 2007. The expansion programme has commenced in July 2005 and get completed in March 2006. The entire requirement of 20,000 sq ft is proposed to be taken at the rate of 5,000 sq ft per every quarter commencing from the second quarter of Fiscal 2006. Immediately after obtaining each plate of 5,000 sq ft on lease, the Company would get the painting, false ceiling, carpeting and partitioning done. The ducting and installation of air conditioning system would also be done along therewith. These activities are expected to take about 45 days. After that the cabling and installation of furniture and lighting would be done which is expected to take about 30 days. Subsequent to that the computer systems would be installed in about 15 days. Thus each plate of 5,000 sq ft would be made ready every quarter. By the end of second quarter of Fiscal 2007 the entire expansion of facilities would be completed.

Aurionpro does not envisage any problem in setting up the facilities, installation of computers and equipment, as these are fairly standard procedures and does not require any highly specialized personnel to be hired. As per the normal practice, main equipment like servers, networking equipment and UPS will be set up and installed by the vendors. Besides, Aurionpro has sufficient experience in setting up its own previous expansion projects to supervise the proposed expansion.

The pace and schedule of implementation of the expansion of facilities, in the Company's belief, is adequate and appropriate to cater to the growth of the business of the Company.

Certification

Aurionpro plans to appoint internationally known auditor/certifying authority. Aurionpro intends to a certification consultant during the second quarter of Fiscal 2006 for advising the company on necessary process improvements and the benchmarks to be achieved. The Company believes it would take about 6 months to implement process improvement and achieve benchmarks. The company is yet to decide on the certifying authority. In any event, in the Company's opinion, the certification can be obtained by the end of Fiscal 2006.

Acquisitions

The Company has already acquired 100% interest in Agile Solutions LLC, a US-based IT Services details where of are given in under the Para 'Our subsidiaries' on page 55 of this Prospectus. The Company is continuously scanning the Indian and international market for further acquisitions. It is expected that the acquisitions will be completed by the end March 2006..

Establishing Overseas Offices

Aurionpro has already started overseas offices at Singapore. Similarly, commencing from the first quarter of fiscal 2006, Aurionpro plans to start offices either by setting-up new offices or acquiring/establishing facilities at Dubai, London and on the Western Coast of USA. These offices are expected to stabilize their functions by the end of fiscal 2007. Therefore, all the outgoings in running and maintaining these offices till that time will be met out of the outlay of the present Project. Thus the process of establishing these offices would commence in the Second quarter of Fiscal 2006 and continue till the Fiscal 2007.

FUNDS DEPLOYED

The total amount spent towards the objects of the Issue upto July 31, 2005 is Rs. 414.81 lacs as certified by M/s D. Kothary & Co., Chartered Accountants, Mumbai vide their Letter dated August 29, 2005. The details of the amount spent are a given below:

Rs in Lacs

Sr. No.	Description	Already incurred
I.	COST OF EXPANSION OF FACILITIES	
	a. Lease Deposit for Office Premises	
	b. Furniture, fixtures and interiors	
	c. Computers, Servers and basic Software	94.32
	d. Other Office Equipment	
	e. Air conditioning system	
	f. Testing Lab Equipment	
II.	CERTIFICATION	
III.	ACQUISITIONS	76.39
IV.	ESTABLISHING OVERSEAS OFFICES	
V.	INCREMENTAL WORKING CAPITAL (Debtors)	229.50
VI.	IPO EXPENSES	14.60
	Total	414.81

SOURCES OF FINANCING FOR THE FUNDS ALREADY DEPLOYED

The above amount of Rs. 414.81 lacs has been spent from out of the sources of financing detailed below:

Rs in Lacs

Sr. No.	Description	Total
I.	PRIVATE PLACEMENT OF SHARES	
	209,896 Equity Shares of Rs. 10 each at a price of Rs. 150 per share	
	Share Capital	20.99
	Share Premium	293.85
II.	INTERNAL ACCRUALS	99.97
	TOTAL	414.81

DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount of Rs. 2707.84 lacs is proposed to be incurred by the Company in the fiscal 2006 and fiscal 2007. The quarter-wise break-up of the fund deployment is as follows:

Rs. in Lacs

Sr No	Description	already incurred	Fiscal 2006				Fiscal 2007				Total
			Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	
I	EXPANSION OF FACILITIES										
	a. Lease Deposit for Office Premises			36.00	36.00	36.00	36.00				144.00
	b. Furniture, fixtures and interiors			19.00	30.06	30.06	30.06	11.06			120.25
	c. Computers, Servers and basic Software	94.32			168.35	60.08	60.08	60.08			442.90
	d. Other Office Equipment				12.25	1.80	5.75	1.80			21.60
	e. Air conditioning system			9.34	9.34	9.34	9.34				37.36
	f. Testing Lab Equipment				13.29						13.29
II	CERTIFICATION					14.55	14.55				29.09
III	ACQUISITIONS	76.39			641.00	641.00					1358.39
IV	ESTABLISHING OVERSEAS OFFICES			99.67	51.67	51.67	38.01	38.01	38.01	38.01	355.05
V	ADDITIONAL WORKING CAPITAL	229.50		47.12	47.12	47.12	47.12				417.97
VI	IPO EXPENSES	14.60		84.00	84.15						182.75
	Total	414.81		295.13	1093.23	891.62	240.91	110.95	38.01	38.01	3122.65

INTERIM USE OF PROCEEDS

Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Company's Board or a duly authorised committee thereof.

The Company has appointed Bank of India, Mumbai as the Monitoring Agency for the utilization of issue proceeds.

PROJECT DETAILS:

EXPANSION OF FACILITIES

The Company has grown in operations over the past few years. The number of persons employed by it has gone up from 77 on April 01, 2002 to 189 as on August 30, 2005. Its software development facilities are spread across 3,300 sq.ft rented space at 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093 and 2,087 sq ft of rented space at 1D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, India. It has grown rapidly from a turnover of about Rs. 232.66 lacs for the year ended March 31, 2001 to a consolidated turnover of Rs. 1047.66 lacs for the year ended March 31, 2005. Its software products have received an encouraging response. It was also able to market and sell our software development services successfully, particularly overseas.

With greater effort being put in the sales, particularly the software products, it expects significant business growth in the next few years, which will entail a substantial increase in its employee strength and enhancement in its software development facilities.

The Company, in the present Project, plans to expand the facilities to cater to the increase in the employee strength, which is expected to touch to 300 persons (including 250 developers / programmers) in the next 2 years. It plans to take lease an additional office space of about 20,000 sq ft, for expansion of its software development facilities and accommodating the corporate office of our Company.

Location

It plans to take on lease the office space with all the required infrastructure facilities at Mumbai for expanding its software development facilities. It proposes to take on lease, the new office space nearer to its existing Software Development Centers, though the exact location is yet to be identified. Because of the current supply situation of office space, it does not foresee any difficulty in obtaining the lease premises at short notice.

Cost of expansion of facilities

The break-up of cost estimates for expansion of office facilities and purchase of computers and equipment are as given below:

Rs in lacs	
Particulars	Total
a. Rent Deposit	144.00
b. Furnishing / interiors	120.25
c. Computers and base software	442.90
d. Other Office Equipment	21.60
e. Air Conditioning System	37.36
f. Testing Lab Equipment	13.29
TOTAL	779.40

a. Rent Deposit (Rs.144.00 lacs)

The Company has obtained an estimate from a real estate consultancy Firm, Messrs. Star Properties, Mumbai, according to which it would cost the company Rs. 60 per sq ft per month to take on lease 20,000 sq ft of unfurnished office premises, for which it would be required to place an interest-free deposit of 12 months rent upfront. Thus, the outlay on Rent Deposit is Rs. 144.00 (20,000 x 12 x Rs.60) lacs. The entire space of 20,000 sq ft will be obtained in 4 quarters at the rate of 5,000 sq ft per quarter, commencing from the second quarter of Fiscal 2006 through the first quarter of Fiscal 2007.

b. Furnishing/Interiors (Rs. 120.25 lacs):

As the rented premises would be unfurnished, the Company would be required to furnish the Office Premises. The Furnishing / interiors cost comprises of cost of partitions, furniture, carpeting, interior, painting, false ceiling,

electrification, lighting, etc. The Company has estimated the cost on this account at Rs. 120.25 lacs, on the basis of quotations obtained from Messrs. Royal Traders, Mumbai the details of which are as below:

Rs in Lacs

Sr. No.	Description	Qty	Cost Per Unit Rs	Total Cost	Quotation details	
					Quote from	Date
1	Workstations for Software Developer	250 Nos	10,500	26.25	Royal Traders, Mumbai	April 1, 2005
2	Executive Workstations	50 Nos	15,000	7.50		
3	Chairs for developers & Executives	300 Nos	3,500	10.50		
4	Partition, Carpeting and False ceiling, electrification and lighting etc.	20000 sq ft	380	76.00		
	TOTAL			120.25		

c. Computers, Servers and Base Software (Rs. 442.90 lacs)

As per the internal Company estimate, we would be requiring the following Computers, Servers and base software. On the basis of quotations obtained from various sources, the total cost under this head is estimated as per the details given below:

Rs in Lacs

Sr. No.	Description	Qty	Cost Per Unit	Total Cost	Quotation details	
					Quote from	Date
1	Linux Server	1	9.59	9.59	Already purchased	–
2	Windows NT Server	1	9.09	9.09	Already purchased	–
3	SQL 2000 Server	1	8.58	8.58	Already purchased	–
4	Domain Servers	2	9.09	18.18	Already purchased	–
5	Oracle Database Server	2	7.57	15.14	Already purchased	–
6	SCO Server Ver 5.0.7 ee 5 User Lic	1	0.90	0.90	Sonata Information Technology Ltd	March 24, 2005
7	MediaKit for SCO Open Server	1	0.08	0.08	Sonata Information Technology Ltd	March 24, 2005
8	Oracle 9i Ent Ed per CPU	4	12.35	49.39	Paradyne Infotech Limited	April 21, 2005
9	Oracle 9i Ent Ed Media Kit	4	0.04	0.16	Paradyne Infotech Limited	April 21, 2005
10	Oracle ATS @22% of the 2 above			10.90	Paradyne Infotech Limited	April 21, 2005
11	Sun Fire V250 Server	2	8.50	17.00	Paradyne Infotech Limited	April 21, 2005
12	External Storage Sun StorEdge 3510	1	38.50	38.50	Paradyne Infotech Limited	April 21, 2005
13	Sun Blade 150 WorkStation	1	1.88	1.88	Paradyne Infotech Limited	April 21, 2005
14	Back-up Server SunFire V240	1	5.90	5.90	Paradyne Infotech Limited	April 21, 2005
15	Messaging Server SunFire V20z	1	2.90	2.90	Paradyne Infotech Limited	April 21, 2005
16	Computers with Basic Software	300	0.75	225.72	Paradyne Infotech Limited	April 21, 2005
17	Router – CISCO	4	1.19	4.77	Paradyne Infotech Limited	April 21, 2005
18	PIX Firewall	2	3.62	7.24	Paradyne Infotech Limited	April 21, 2005
19	Switches D-Link 24 Port 10/100	36	0.31	11.23	Paradyne Infotech Limited	April 21, 2005
20	Cabling Cat 5 cables 305 mtr each box	80	0.04	3.36	Paradyne Infotech Limited	April 21, 2005
21	Server Rack	4	0.60	2.40	Royal Traders	April 1, 2005
	TOTAL			442.90		

d. Other Office Equipment (Rs. 21.60 lacs)

Besides computers, the Company will acquire certain other office equipment to facilitate its practice. As per the Company's internal estimate, it would be needing the following equipment, the cost of which is estimated as per the quotations received from different sources as detailed below:

Rs in Lacs

Sr. No.	Description	Qty	Cost Per Unit	Total Cost	Quotation details	
					Quote from	Date
1	Projector	2	2.15	4.30	Space Office Systems (I) Pvt Ltd, Mumbai	April 1, 2005
2	Video conferencing System	1	3.50	3.50		
3	Printers Etc.	2	3.60	7.20		
4	Scanners	3	1.80	5.40		
5	Photocopier	1	1.20	1.20		
	TOTAL			21.60		

e. Air Conditioning System (Rs. 37.36 lacs)

For air-conditioning an Office space of 20,000 sq ft, the Company requires the following air-conditioning equipment as per the estimate given and quotations obtained from Dolphin Aircon Pvt Ltd, Mumbai. The total cost of providing the same is as detailed below:

Rs in Lacs

Sr. No.	Description	Qty	Cost Per Unit	Total Cost	Quotation details	
					Quote from	Date
1.	AC (7.5 Ton each)	8	1.13	9.04	Dolphin Aircon Pvt Ltd, Mumbai	April 7, 2005
2.	AC (5 Ton Each)	16	0.87	13.92		
3.	Ducting and AC fitting Charges	-		14.40		
	TOTAL			37.36		

f. Testing Lab (Rs. 13.29 lacs)

The Company would need the testing equipment to support our practice. The total cost under this head, on the basis of the quotation obtained, is estimated at Rs. 13.29 lacs as per the details given below:

Rs in Lacs

Sr. No.	Description	Qty	Cost Per Unit	Total Cost	Quotation details	
					Quote from	Date
1	Rational Suite	1	13.29	13.29	Sonata Information Technology Ltd	March 24, 2005
	TOTAL			13.29		

CERTIFICATION (Rs. 29.09 lacs)

As a part of the ongoing drive to achieve the international acceptability for our products and processes, the Company intends to obtain international certification for its products and processes. The Company has already obtained ISO certification and plan to have SEI CMM Level 4 certification as well.

Certification cost includes professional charges of a certification consultant and the certification fees. An experienced consultant will be recruited for advising the Company on necessary process improvements and the benchmarks to be achieved. The certification fee is towards the fees payable to the certifying authority. The Company has obtained a quotation from Skylark Re-engineering Systems Pvt Ltd, Mumbai according to which it would cost the Company USD 60,000, or about Rs. 29.09 lacs (including Service-Tax) for the entire certification process. The Company, however, is yet to finalise the certifying authority. It plans to appoint internationally known auditor/certifying authority.

ACQUISITIONS/ INVESTMENTS (Rs. 1358.39 lacs)

Rationale

The banking software product business is highly competitive. A large part of the software innovation is usually initiated by the users. This is due to the fact that the new products and processes could be driven by innovation in the financial products offered by the users, rather than due to software innovation. In such dynamic situations, the investment in the next generation of product begins when the previous product is still to reach its peak. Companies could choose to build these capabilities organically in a slow and steady manner or through inorganic route by acquiring products/ businesses/ companies.

Benefits

The potential benefits for the Company from these acquisitions would be:

- Positive contribution to its cash flows as the acquired product/ businesses/ companies will be profit making.
- Acquisition of customers directly.
- The Company would attempt to sell more of our existing Products/ services to acquire customers thereby increasing business.
- Reduce operating expenses if the acquired companies / businesses are outside India by reducing their operational / software production expenses.

Acquisition Strategy

The Company intends to acquire a product, company or a business, which has synergy with its current business anywhere in India, Asia-pacific, middle-east, Europe or the USA. It is in the process of short listing the target products/ businesses/ companies keeping the following criteria in mind:

- Operating in the same domain as that of the Company, i.e. domain consulting allied with software services for banking, financial services and insurance industry.
- Attractive customer base and good market image.
- Privately / closely held (in case of company acquisition).

The Company also intends to redress our Company's under-investment in R & D through acquisitions.

It plans to invest further about Rs. 1282.00 lacs for acquisition of a product, company or a business. In the case of business/ company, acquisitions will be for a 100% shareholding and management control with considerations that could be met with a combination of cash and shares as also on generation of profits by the acquired companies in future.

Company Already Acquired

As a part of these plans, the Company has recently acquired a Company, Agile Solutions LLC, based in the USA. The financial and other information about Agile Solutions LLC is given under the Heading "History And Corporate Structure Of The Company" on page 54 of this Prospectus.

ESTABLISHING OVERSEAS OFFICES (Rs. 355.05 lacs)

The Company has set-up an Office in Singapore through its wholly-owned subsidiary (WOS), Aurionpro Solutions Pte Ltd. This is intended to look after the implementation and support functions as well as exclusively market the products of the Company in the Far East Asia.

On similar lines the Company plans to acquire/establish facilities at Dubai, London and in the Eastern and Western Coast of USA. Initially, these facilities will look after the implementation and support functions for the products and eventually they will be independently looking after the marketing functions of the Company in their respective regions.

The present Project envisages establishing 4 offices at various strategic locations outside India. These offices at Dubai, London, New Jersey and in the West Coast of USA, would look after the implementation, development and support functions besides supporting the marketing functions. These offices would be opened either as branch office of our Company or as wholly owned subsidiaries of our Company in those countries keeping in view various operational and local factors.

These offices are expected to stabilize their functions and establish themselves in about 2 years from the date of start-up, spanning Fiscals 2006 and 2007. Therefore, all the outgoings in running and maintaining these offices upto March 31, 2007, have been made a part of the outlay of the present Project. These include the startup expenses, rent, overheads and salaries of personnel to be recruited and posted in those places as per details given below:

Aurionpro Solutions Limited

Rs. in Lacs

Particulars	Fiscal 2006	Fiscal 2007
At New Jersey, USA:		
Salaries	12.00	16.80
Annual Office Rent	13.50	18.90
Overheads including travelling cost	12.00	12.60
Legal Expenses	6.00	2.00
sub-total	43.50	50.30
At Dubai:		
Office Deposit	8.00	
Salaries	4.50	6.30
Annual Office Rent	6.00	8.40
Overheads including travelling cost	2.50	2.63
Legal Expenses	10.00	2.50
sub-total	31.00	19.83
At London:		
Office Deposit	20.00	
Salaries	10.00	10.50
Annual Office Rent	15.00	21.00
Overheads including travelling cost	5.00	5.25
Legal Expenses	15.00	5.00
sub-total	65.00	41.75
USA (West Coast):		
Office Deposit	20.00	
Salaries	10.00	10.50
Annual Office Rent	15.00	21.00
Overheads including travelling cost	3.50	3.68
Legal Expenses	15.00	5.00
sub-total	63.50	40.18
Total	203.00	152.05

A provision of 5% is made for the annual inflation

Thus, as summarized below, the total expenses for the four overseas offices is estimated at Rs. 355.05 lacs as detailed below:

Rs. in Lacs

Particulars	Fiscal 2006	Fiscal 2007
Office Deposit		
Dubai	8.00	
London	20.00	
USA (West Coast):	20.00	
sub-total	48.00	
Revenue Expenditure		
New Jersey	43.50	50.30
Dubai	23.00	19.83
London	45.00	41.75
USA (West Coast):	43.50	40.18
sub-total	155.00	152.05
Total	203.00	152.05

ADDITIONAL WORKING CAPITAL (Rs. 417.97 lacs)

The major component of the Company's working capital is Sundry Debtors. Based on the past trends, the future requirements of the net working capital have been estimated at Rs. 417.97 Lacs. At present the company enjoys a working capital limit of Rs.125 lacs from Bank of India, out of which an amount of Rs. NIL is remaining outstanding as on March 31, 2005.

The future requirements of working capital have been estimated as detailed below:

(Rs. In Lakhs)

Particulars	Year		
	As at 2004	2005	2006
Sales:			
Domestic Sales			566.40
Export Sales			2,265.28
Total			2,831.68
Working Capital:			
Increase in Work in Progress			0.00
Increase/(decrease) in Stock	86.07	(86.07)	0.00
Increase/(decrease) in Sundry Debtors*	306.95	212.51	188.46
Increase)/(decrease) in Loans & Advances (excl Rent Deposit)	72.50	35.23	0.00
Increase/(decrease) in Current Liabilities	69.23	(17.39)	0.00
Increase/(decrease) in Provisions	29.33	(5.59)	0.00
Increase in Working Capital (Rs Lacs)		229.50	188.46

(*) The holding period of debtors has been taken at 3 Months on the basis of past trends.

IPO AND PRELIMINARY EXPENSES (Rs. 182.75 lacs)

The Company proposes to issue 30,00,000 Equity Shares of the face value of Rs. 10 each in the present Issue through book-building process. The price band per share has been fixed at Rs. 81/- and Rs. 90/- per share. At the lower end of the price band, the issue size would be of Rs. 2,430 lacs. The expenses on the IPO is Rs. 182.75 Lacs as per the details given below:

Rs in Lacs

Sr.No.	Description	Total
1	Book Running Lead Managers Fees, Brokerage and Underwriting	93.56
2	Registrars Fees	10.00
3	Others i.e.legal charges, advertising, contingencies	79.19
	TOTAL	182.75

This works out to about 6.77% of the present Issue.

BASIC TERMS OF ISSUE:

The Equity shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Prospectus, Bid-Cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the issue. The Equity Shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchange, RBI, RoC and/ or other authorities as in force on the date of the issue and to the extent applicable.

BASIS FOR ISSUE PRICE:

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Investors should read the following summary with the Risk Factors included from page ix to xvii and the details about the Company and its financial statements included in this Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors:

1. The Company Promoters are professionals with industry, domain and technical experience.
2. The Company has a range of proven products in the niche areas of Cash Management, Treasury and Risk Management.
3. The Company has a strategic partnership which enables it to offer a wide-range of services to the BFSI Sector.
4. The Company has a proven strong global delivery model.
5. We have presence in the USA and Singapore through wholly-owned subsidiaries.
6. We are further expanding our presence internationally to improve the marketing prospects of our products and services.
7. We have strategic Sales Partnerships to boost the sale of our offers with a minimum cost.

Quantitative Factors:

1. Earnings per Share (EPS) – Unconsolidated as adjusted for changes in the Paid-up Share Capital

Fiscal	EPS Rs. Ps.	Weights
2005	3.05	3
2004	0.70	2
2003	0.45	1
Weighted Average	1.83	

Note: Earning per share (EPS) is calculated after adjusting for 12,21,600 bonus shares issued on June 28, 2004 and for 58,31,799 bonus shares issued on March 31, 2005 with retrospective effect as provided in Accounting Standard 20.

2. **Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 90/-.**

Based on the adjusted EPS of Rs. 3.05 for the Fiscal 2005, the Issue Price of Rs. 90/- answers to a P/E multiple of 29.50.

3. **Return on Net Worth (RONW) – Unconsolidated:**

Fiscal	RONW%	Weight
2005	21.93	3
2004	18.62	2
2003	16.38	1
Weighted Average	19.90	

Note:

The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of material adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS of Rs. 3.05 is Rs. 329.68 Lakhs.
5. Net Asset Value (NAV) per share – Unconsolidated:
 - a. NAV as on March 31, 2005 is Rs.13.90.
 - b. Issue Price at Rs. 90/-
 - c. NAV after the Issue Price of Rs. 90/- is Rs. 34.97

Note:

Net Asset Value Per Share = Equity Share Capital *plus* Reserves & Surplus less Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6. Comparison with Peer Group

Although strictly not comparable, the Companies which are in the business of banking software products/ IT Services and their P/E multiples are as follows:

As reported in Capital Market Vol. XX/13 dated August 29 – September 11, 2005:

Company	P/E multiple
Nucleus Software Exports Limited	22.3
I-Flex Solutions Limited	43.0
Industry (Computers- Software – Medium/ Small)	21.6

7. The face value of Equity Shares of the Company is Rs. 10/- and the issue price is 9.0 times of the face value.

The Issue Price of Rs. 90/- has been determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

TAX BENEFITS:

The Joint Auditors of the company M/s. Chaturvedi & Shah, Chartered Accountants who vide their letter dated June 2, 2005 have stated the possible tax benefits available to Aurionpro Solutions Limited (Formerly known as 'Aurionpro Solutions Private Limited') (the "Company") and its shareholders under the current tax laws presently in force in India. They have stated that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. Their 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 and 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. The auditors do not express any opinion or provide any assurance as to whether:

- (i) the Company or its share holders will continue to obtain these benefits in future; or
- (ii) the condition prescribed for availing the benefits have been / would be met with.

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

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will *interalia* be available to M/s. Aurionpro Solutions Limited and its shareholders.

(A) BENEFITS TO THE COMPANY UNDER INCOME-TAX ACT, 1961:

1. Tax holiday under Section 10 B of the Act: -

As per the provisions of Section 10 B of the Act, the Company is eligible to claim a benefit with respect to profits derived from a hundred percent export oriented undertaking/s setup for export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking /s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaing/s vis-a-vis the total turnover of the undertaking/s.

2. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of any company is exempted from the tax.
3. In terms of section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 10th September 2004.

- b) The transaction is chargeable to such securities transaction tax as explained below.
4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller.
 5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
 6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
 6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
 7. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder.
 8. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of investment in shares on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

(B) TO THE SHAREHOLDERS OF THE COMPANY – UNDER THE INCOME TAX ACT, 1961

Resident Shareholders

9. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
10. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 10th September 2004
 - b) The transaction is chargeable to such securities transaction tax as explained below.
11. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a

company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller.

12. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
13. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
14. Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
15. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
16. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
17. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
18. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
19. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Non-Resident Indians/Non Residents Shareholders (Other than FIIs and Foreign venture capital investors).

20. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual

being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempted from the tax.

21. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 10th September, 2004
 - b) The transaction is chargeable to such securities transaction tax.
22. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
23. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller.
24. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
25. Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely-
 - a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
26. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
27. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
28. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows: -

- a) Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months on a recognized stock exchange, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
- b) Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Foreign Institutional Investors (FIIs)

29. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
30. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
31. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.10% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.02% of the value payable by the seller.
32. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
33. The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation.
34. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in cases not covered under section 10(38) of the Act) arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by:-
 - a) National Bank for agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988.
 - c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
35. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - a) the issue is made by a public company formed and registered in India;

- b) the shares forming part of the issue are offered for subscription to the public;

Venture Capital Companies/Funds

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

(C) Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence no shares are not liable to Wealth Tax Act, 1957

(D) Benefits to Members of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. 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 Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SECTION:IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

GLOBAL IT MARKET

According to the Strategic Review of 2004 by NASSCOM, IT spending in the global market, after a decline in 2002 and being flat in 2003, is expected to clock an annual growth rate of 5.4%. The service-wise growth prospects of IT Industry till 2007 are as depicted in the following table:

in million USD								
Type of Service	2002	2003	2004	2005	2006	2007	2002-03 Growth (%)	2002-07 CAGR (%)
Outsourcing								
Application Management	12237	13210	14267	15535	17002	18624	7.9	8.8
IS Outsourcing	67357	71119	75506	80560	85979	91376	5.6	6.3
Network and Desktop Outsourcing	23311	24348	25569	27109	28851	30519	4.4	5.5
Application Service Providers	2328	2957	3780	4803	5929	7179	27	25.3
System Infrastructure Service Providers	11537	13312	15572	18495	22071	26348	15.4	18
Sub Total	116770	124945	134695	146502	159772	174047	7	8.3
Support and Training								
Hardware deploy and support	45156	44943	45097	46444	48231	49876	-0.5	2
Software deploy and support	44897	46791	49389	52954	57704	62754	4.2	6.9
IT Education and Training	18833	18524	18652	19135	20249	21479	-1.6	2.7
Sub Total	108887	110258	113138	118533	126184	134109	1.3	4.3
Project-oriented Services								
IS Consulting	20825	20249	20466	21111	22082	23067	-2.8	2.1
Systems Integration	64494	62414	63908	66711	70670	74847	-3.2	3
Network Consulting and Integration	20291	21296	22510	24097	26154	28353	5	6.9
Custom Application Development	18818	18421	18577	19016	19701	20389	-2.1	1.6
Sub Total	124427	122380	125461	130935	138607	146656	-1.6	3.3
Total	350084	357582	373294	395969	424562	454812	2.1	5.4

(Source: NASSCOM – Strategic Review 2004)

The figures in *italics* in the above table denote areas of focus of our Company at present

NASSCOM further predicted that 2004 and the future will see more aggressive outsourcing and better business outlook in software application development that focuses on real-life and high priority business problems. In other words, IT spending will be driven by CEO-level business priorities and business oriented applications. We believe that our Company is fully poised to claim its due share of this business.

INDIA'S SHARE IN GLOBAL IT BUSINESS

India has been recognised as a leading destination for offshore technology services. The Gartner Strategic Analysis Report suggests that India is going to remain a dominant offshore service provider in the foreseeable future. The NASSCOM-KPMG report published in 2004 indicates that the total Indian IT services and IT-enabled services export market was nearly USD 10 billion in 2003 and is projected to grow to USD 49 billion by 2009, clocking a CAGR of about 30%.

The important factors that contribute to this growth are:

- High quality delivery capabilities of Indian organizations;
- Accelerated delivery through round-the-clock execution for global clients;
- Considerable cost savings; and
- A large pool of skilled IT professionals

SIZE OF THE INDIAN IT SERVICES MARKET:

	Total Revenues			Overseas Revenues			Domestic Revenues		
	US\$ bn	Rs bn	Growth	US\$ bn	Rs bn	Growth	US\$ bn	Rs bn	Growth
CAGR (2001 – 2005)	24.9%			26.2%			21.7%		
FY2005E	16.5	741.3	26.5	12.2	548.1	30.1	4.3	193.2	17.2
FY2004	12.8	586.0	22.3	9.2	421.2	22.6	3.6	164.8	21.7
FY2003	9.9	479.0	15.8	7.1	343.5	16.6	2.8	135.5	14.0
FY2002	8.7	413.5	8.8	6.2	294.7	3.4	2.5	118.8	25.1
CAGR (1997 – 2001)	43.9%			61.5%			44.3%		
FY2001	8.3	380.0	55.7	6.2	285.0	66.2	2.1	95.0	31.0
FY2000	5.6	244.0	53.6	3.9	171.5	56.8	1.7	72.5	46.5
FY1999	3.8	158.9	58.3	2.6	109.4	67.5	1.2	49.5	41.0
FY1998	2.5	100.4	59.1	1.7	65.3	67.4	0.9	35.1	45.6
FY1997	1.8	63.1	50.6	1.1	39.0	54.8	0.7	24.1	44.3
CAGR (1992 – 1996)	53.7%			55.6%			51.1%		
FY1992	1.3	41.9	60.8	0.8	25.2	64.2	0.5	16.7	56.1
FY1993	0.8	26.1	51.9	0.5	15.4	50.5	0.3	10.7	54.0
FY1994	0.5	17.2	47.2	0.3	10.2	51.1	0.2	7.0	41.8
FY1995	0.4	11.7	55.3	0.2	6.8	57.0	0.2	4.9	53.1
FY1996	0.3	7.5	57.9	0.2	4.3	72.0	0.1	3.2	42.2
CAGR (1988 – 1992)	43.9%			57.4%			32.1%		

Source NASSCOM

THE BFSI VERTICAL

Banking and Financial Services and Insurance (BFSI) industry is the most sought after and most revenue-producing vertical for the global IT market. TowerGroup, a leading banking IT research and consulting firm believes that spending on new technologies by banks would increase significantly consuming as much as 35% of total IT dollars.

“Tower Group estimates that global 2003 spending on financial services technology was USD 333.7 billion, an increase of 2.3% over IT spending in 2002. TowerGroup expects new technology investments in major geographies to range between 24% and 27% of total IT spending. Expected growth in IT spending in other world regions will be fueled by a migration from proprietary to packaged applications as well as investments in the Internet channel, resulting in 35% of total IT spending being consumed by investments in new technologies.”

*Source: Press coverage of Tower Group research report
“Global Financial Services IT Spending in 2003”
in www.insurance-canada.ca*

IT spending by banks is driven by initiatives to meet regulatory requirements, manage customer relationships, manage risks, and reduce costs and to attract new customers. We believe such a trend will continue for a few more years, as projects in these areas are major initiatives with large time cycles besides involving considerable effort.

THE OPPORTUNITY

- Banking industry is the largest customer for the IT industry. The total global spend on Financial services technology in the year 2002 was estimated to be USD 326.20 billion

- This industry is also the fastest adopter of new technology. Therefore, the technology market addressing banking is also one of the fastest growing. In the words of John Reed, ex-CEO of Citibank, “ Banking will become a bit of application software on an intelligent network”.
- Technology is a key enabler: The new generation banking require new technology architecture as well as new generation business architecture. Banking is moving towards e-business and technology has become a key differentiator in this change.
- Space for niche high-end players: The technology delivery requires deep domain understanding of new age banking practices as well as new technologies.

GENERATION CHANGE IN BANKING

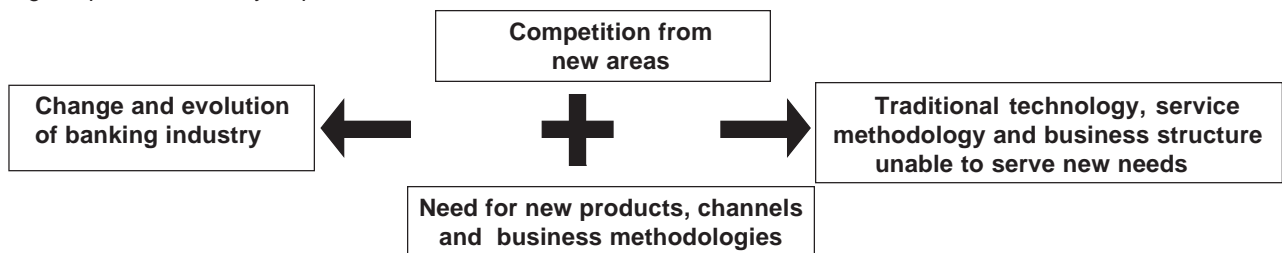
The Banking industry worldwide is undergoing a significant upheaval. The traditional revenue model of interest-spreads is fast becoming out-of-date. The new generation of banking demands a knowledge-based business that enables extended financial services and greater capital efficiencies. In response, banks are taking the battle to their competition by moving into new service areas that are technology enabled and fee based. Adding momentum to this paradigm shift are other important factors such as growing customer service expectations and changes in the regulatory environment. The following points aptly summarize the opportunities and challenges that the new generation banking presents:

- Customer service expectations are driving banks to serve them through new channels. Channel integration, creation of new channels, customizable products are some of the needs.
- Regulatory imperatives are also creating new investment requirements – viz. the upcoming BASEL II requirement, anti money laundering requirements, etc.

On the corporate side, banks are increasingly beginning to position themselves as outsourced service providers (*viz* cash management, treasury, *etc*). On the retail side, banks aim to become financial services supermarkets for their customers, leveraging traditional banking relationships to provide additional mass customized financial products across insurance, investments, wealth management and payments. These supermarkets will be essentially characterized by centralization of a very wide variety of financial products through multiple channels and partners.

OPPORTUNITY FOR NICHE VENDORS

Core banking products that automate the functioning of a bank have now become a necessity for every bank to run basic operations and can no more offer differentiation in a competitive market place. Therefore Banks are now scrambling to put in place new systems that enable to reach customers in new ways, provide new financial services that leverage their core assets and bring in operational ability to provide incremental value addition to their customers on a continuous basis.



For technology vendors, understanding this paradigm requires a combination of technology delivery with new banking business migration vision. Building e-competencies on older technology architecture products, though possible, would be a sub-optimal solution.

Further, the new technology requires deep domain understanding of the new business areas. This fundamental shift has created niche areas, where new technology players like our Company with the required domain skills can bring enhanced value. Examples of these new niche areas in the banking technology space are customer relationship management, business analytics, cash management, credit risk management, market risk management, e-banking integration, *etc*.

CASH MANAGEMENT SYSTEM

Business entities are increasingly looking at concentrating on their core business and outsourcing of non-core activities such as cash management for value maximization. At its basic, Cash Management can be defined as the efficient utilization of cash through coordinated management of collections, payments and cash balances.

Cash management as its exists today is a relatively new offering by banks and currently only a handful of top banks in each country offer these solutions for local markets. A few global banks have started offering cash management services at a regional level. In future banks would be looking to offer these services at a global level across various regions, countries and currencies. The major incentive for corporate clients to outsource this activity to a bank is better management of working

capital cycle through reduction of costs, enhanced controls and fraud prevention amongst other things. Traditionally, cash management involved personalized services offered by the bank's staff to the company's treasurer. With the advent of technology, cash management services today are automated to a large extent enabling the banks to allow their corporate customers to perform online enquiries and transaction services (payment, collection and liquidity management) through web-based interfaces.

Some of the commonly offered cash management services are:

<ul style="list-style-type: none">● Cash collections● Local & upcountry cheque collections● Salary payments● Bulk payments● Dividend & interest warrant payments	<ul style="list-style-type: none">● Cheque writing● Positive payments● Funds pooling● Zero balance accounts● Statutory payments
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The overall cash management scenario is changing with technological advances and evolving customer needs. Straight Through Processing (STP) facilitated by the integration of banks' cash management solutions with ERP systems of their clients is gaining importance. Electronic banking access on the Internet with account viewing and transaction-initiation capabilities is increasingly critical for technology-savvy customers. The emerging technologies and the payment systems will significantly impact the strategies for effective cash management. The market is also moving from a reactive to proactive cash management approach.

As banks move to be a part of financial supply chain for their customers, ability to provide effective cash management to corporate customers is becoming a key differentiator in an increasingly competitive environment. In fact banks without ability to provide these solutions operate on higher risk, as their fund based clients would drift to other aggressive and nimble banks for these value added services that allow generation of fee based revenue. Even the conservative banks now understand that they need to enhance the client relationship by providing fee-based activity like cash management to supplement their income and reduce their risk.

Trends of and opportunities in Cash management market

Cash management is a relatively new business offering by banks. Till about few years back only a handful of global banks were offering these services. In most markets in Asia these services are offered by only few of tech savvy banks. Market penetration of cash management is still low. There are few key factors that are driving the growth of this market.

Latent demand

There is a huge latent demand that exists for many banking services, none more so than cash management. Most of the banks even today are not in a position to offer basic services like account pooling or zero balance accounts to their customers. An efficient cash management service can provide corporate customers huge savings by streamlining their working capital cycle. Banks can also allow their customers to dramatically cut their internal costs by allowing simple offerings like cheque printing and controlled disbursement. In short, all medium to large size customers need and can immediately use cash management service if their banks can offer it to them. In country like India, penetration of cash management as percentage of total cheques cleared is less than 10. In some of the other countries it is even less. With advent of technology there exists a huge opportunity to increase this business.

Technology upgrade

A few of the large global banks and a few new generation banks dominate the cash management market. Most of the older banks have been slow to upgrade their technology. As large banks that operate with large number of geographically-dispersed individual branches, these banks are first required to build connectivity among them to be able to generate centralized data. Most of the large banks have invested aggressively in technology the over last few years and now have centralized their system by and large or are a year or two away from it. It is also helping that major consolidation has taken place in banking sector across the world in last few years, wherein there are more stronger and larger banks compared to large number of small banks who were not capable of investing in technology. Offering cash management and other retail products is the next natural extension for these banks. Accordingly, market is likely to expand aggressively over next few years.

Emerging Banking Technology

The advent of Real Time Gross Settlement (RTGS) system in many countries, the Cheque 21 initiative in the USA and Continuously Linked Settlements (CLS) system for global payments are few of the changes that are going to result in watershed changes in the way banking is done today. Once these new technologies are implemented cash management markets will again undergo significant changes. It will be possible to offer real time cash management solutions across

countries. Banks that do not have these capabilities will find themselves completely out of contention with large customers. In most countries central banks also have been taking active interest in pushing technology advances in banking system to improve the efficiency of the financial systems across the economy.

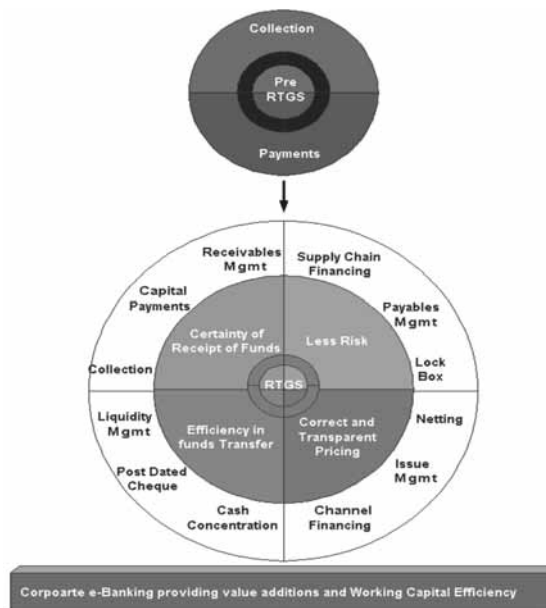
Collectively, the above changes in banking technology coupled with aggressive investment by corporate customers to upgrade their systems to be able to take advantage of banks' strength in offering integrated cash management is likely to result in a huge growth in volumes over next few years.

Cash Management Roadmap

Corporate needs cash management services for three main reasons, working capital management, and liquidity management and fraud prevention. Most of the large corporates already have a reasonable cash management solutions in place. However as markets evolve, some major changes that are likely to be in business and technology trend are:

- **Change in business need:** The current business need for a solution processing collection and payment in batch mode is changing towards a solution providing liquidity forecast in real time
- **Change in payment systems:** Introduction of RTGS and CLS across the banking world will change the movement of funds from batch mode to real time.
- **Global business integration:** Volume of cross border trade is increasing as economies open and more trade blocks are formed.
- **Channel Integration:** Products like trade and supply chain financing, foreign exchange management and corporate treasury will get integrated into cash management offerings as technology penetration grows in banking & corporate world.

Diagrammatically, Cash management roadmap can be described as follows:



Market size for cash management

As per Meridian Research (International Cash Management: Europe & Asia) the technology market for cash management solutions is expected to be USD 1.73 Billion, with South East Asia market being USD 857 million and Europe market being US \$ 874 million. Cash management market in USA is expected to be about USD 1.3 billion.

CHEQUE TRUNCATION SYSTEM

Reserve Bank of India (RBI) has been working towards reforming the payment clearing and settlement system in the country over the last two years. Electronic Clearing Service (ECS), Electronic Funds Transfer (EFT) and the Real Time Gross Settlement (RTGS) systems have been growing significantly with more and more banks adopting these technologically advanced payment systems. RTGS is now being readied to move to the next level, i.e. Cheque Truncation. Banks adopting the system will soon be expected to implement a Cheque Truncation System (CTS). A major advantage of a CTS is that the intercity clearing cycle will be reduced from over two weeks to two days, frauds related to cheques will reduce, customer service will improve and cheque handing cost will be reduced.

Opportunity Size

The IT industry in India is looking at RBI's CTS drive as a huge opportunity for them. According to RBI's vision, CTS should reach the farthest bank in the clearing chain for sustainable benefit. There are approximately 50,000 branches in all. On the software front, investments would be required in terms of operating system (Windows, Linux, Sun Solaris) and imaging and cheque processing software. As per our internal company estimate, at Rs 3-4 lakhs investment on hardware and software per branch, the total size of the opportunity for hardware and software vendors amounts to Rs 1500-2000 crores.

Benefits

The CTS product has many benefits, the major one being the removal of physical transportation of cheques, thereby providing quicker turnaround times and savings in costs in check processing.

TREASURY MANAGEMENT SOLUTIONS FOR BANKS

Treasury is the most important profit center in almost all banks. Forex-trading simulators are the important products for treasury business of a bank. There is a great demand for a high level treasury training programs across the globe.

Normally all countries have banking training institutes who conduct such courses. Large banks have their in-house trainers who conduct such programs. In addition large management institutes also train their students in forex. All these are the market segments for treasury simulators. As per our Company's internal estimates, the annual market for trading simulation product for banking sector is expected to be between 3000 to 5000 forex trading simulator programs.

RISK MANAGEMENT SOLUTIONS FOR BANKS

Risk management is one of the most critical areas within banks. As banks grow their balance sheet, expand into newer markets and keep introducing new products, managing risks becomes critical. Although avoiding failure is a principal reason for managing risk, global financial institutions also have the broader objective of maximizing their risk-adjusted rate of return on capital, or RAROC. This means not just avoiding excessive risk exposures, but measuring and managing risks relative to returns and to capital. By focusing on RAROC, global institutions avoid putting too much emphasis on activities and investments that have high-expected returns but equally high or higher risk. Banks today are increasingly focusing on various ways by which they can effectively measure and manage risk.

The three major types of risk need to be managed in this process are:

- Credit Risk
- Market Risk
- Operational Risk

The next three to five years will see a wholesale upgrading of banks' risk management capabilities driven by Basel II and other regulatory and accounting pressures. This change will affect both underlying risk tools, how they are used in day-to-day business decisions and, importantly, overall risk organisation and board-level risk governance. Expected organisational changes are particularly notable in Europe and emerging markets. Also over 70% of North American banks expect significant governance changes driven by a combination of Basel II regulations.

BASEL II COMPLIANCE

The New Basel Capital Accord is the blueprint for the most radical changes to the way banks are regulated since the first Basel capital adequacy standards of 1988. It focuses regulatory attention on risk management and capital allocation in a rigorous and prioritized way—and will reward those banks with sophisticated and robust risk management by reducing their capital requirements.

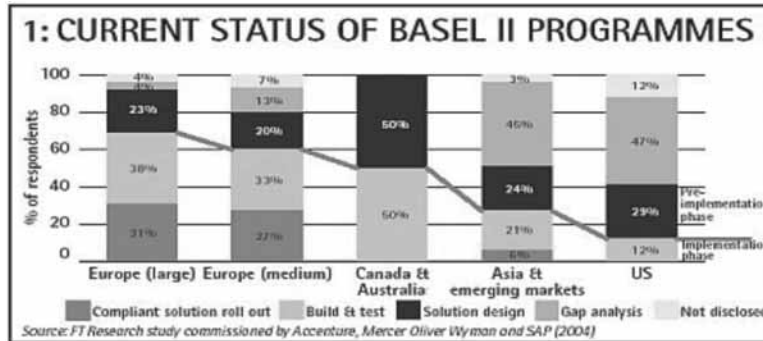
The new framework of Basel II Accord is intended to improve the safety and soundness of the financial system by aligning capital adequacy assessment more closely with the underlying risks in the banking industry, providing a thorough supervisory review process, and enhancing market discipline.

Basel II, when finalized and adopted, will establish the basic capital frameworks for committee-member-countries as well as non-member countries that have adopted the New Accord and will help guarantee that banks have a sound risk management strategy. The new Basel Capital Accord is driving banks to adopt more comprehensive risk management systems to survive and succeed.

The banking industry is at a crucial phase of its preparation for Basel II. For most banks, challenges remain in reaching their Basel II requirement. The programs underway are large and complex and affect fundamental business processes throughout the organization. Robust project governance, a firm vision of enhanced risk management approaches and competitiveness is the key. The following observation of The TowerGroup, Inc. sums up the importance of BASEL II for the banking industry:

“While many institutions still look at Basel II with a mindset of basic compliance, others are actively pursuing a more advanced approach to risk management for competitive advantage and operational efficiency. Financial institutions that are exposed to even moderate levels of credit risk and operational complexity should benefit by embracing a more advanced Basel II risk management framework.”

The following Chart shows the status of Basel II compliance by Banks in the various regions of the globe.



Risk management opportunity

Delivering the full range of opportunities arising from Basel II will require the effective coordination of strategy, risk management, business applications and enabling IT and data systems. The TowerGroup predicts that technology investment in risk management will outpace overall information technology spending in the financial services industry and will total USD 21 billion in 2005.



According to Deborah Williams, research director at Meridien Research, “Our outlook for the next five years still looks pretty rosy for things like credit risk and operational risk and even for market risk seems to be inching along”. Williams says that while credit risk is not a new area for measurement like operational risk, it is an area that has been maturing over the last few years from a methodology perspective and now the technology side is starting to catch up. And with Basel II recommendations having come out, spending on credit-risk-management technology only looks to increase even more.

Source: www.wallstreetandtech.com

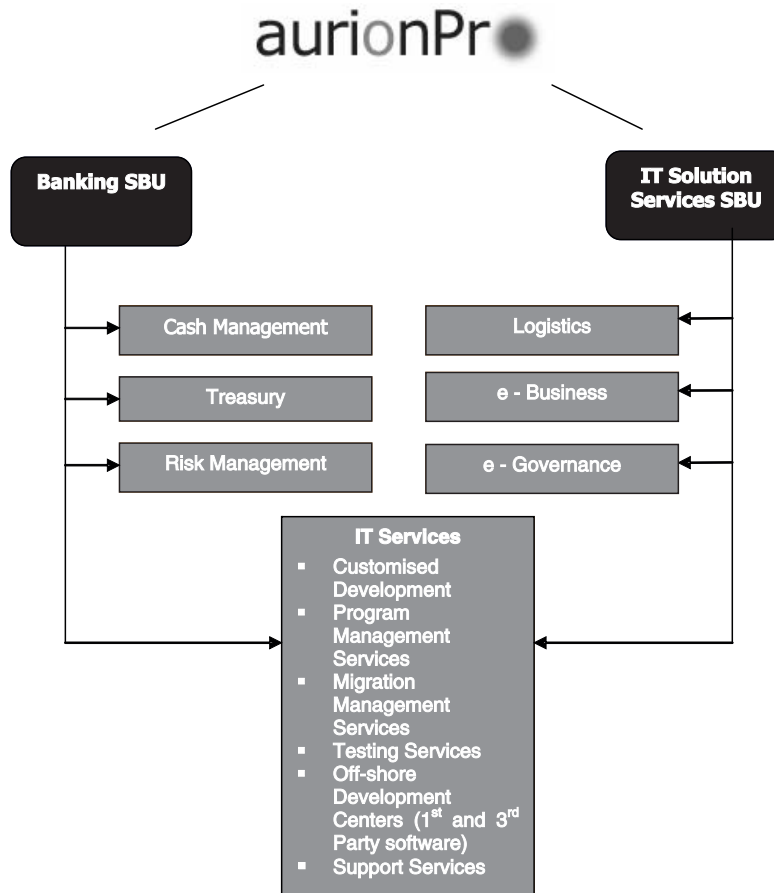
Meridien research estimates on technology spends for risk management as follows:

- Total spending on risk-management technology in 2002 – USD 16.217 billion
- Total spending on credit-risk-management technology in 2002 – USD 1.934 billion

BUSINESS OF THE COMPANY

OUR BUSINESS LINES

Our business encompasses many areas of IT Services including outsourcing and product maintenance out of India. Our current mainstay is in BFSI, logistics, e-governance and e-business verticals. Our focus is on products and custom application development market and we offer off-shore development services to our customers. Pictorially, our business lines can be depicted as under:



The product and service offerings are as follows:

Products

Name of the Product / Module	Function
CashPro (Cash Management Suite) <ul style="list-style-type: none"> ● FundsPro Module ● CollectPro Module ● PayPro Module ● DivPro Module ● ChannelPro Module ● PDCPro Module ● LMPPro Module ● ConfirmPro Module Treasury Management <ul style="list-style-type: none"> ● BoursePro Risk Management <ul style="list-style-type: none"> ● Market Risk Management (*) ● Credit Risk Management (*) ● Operational Risk Management (*) 	Correspondent bank management Collections Processing Bulk Payments solutions Corporation Actions Processing Web-based delivery solution Post Dated Cheque management Cash Concentration solution Fraud mitigation Trading Simulator Market Risk management for banks Credit Risk management for banks Operational Risk management for banks

(*) Through partnerships

IT Services

Banking	General
IT Consulting <ul style="list-style-type: none"> ● Program management ● Migration management and testing services ● Product support and helpdesk 	<ul style="list-style-type: none"> ● Customised application development ● Resource Augmentation

CASH MANAGEMENT SOLUTIONS FOR BANKS

Starting out in 1999 with *FundsPro*, we have built our first product suite and our cash management expertise with the best of the breed and most demanding banks in India. Over the past years, we have closely worked with business and operational team of leading banks to perfect our offering to manage diverse business needs of our client banks.

CashPro product suite

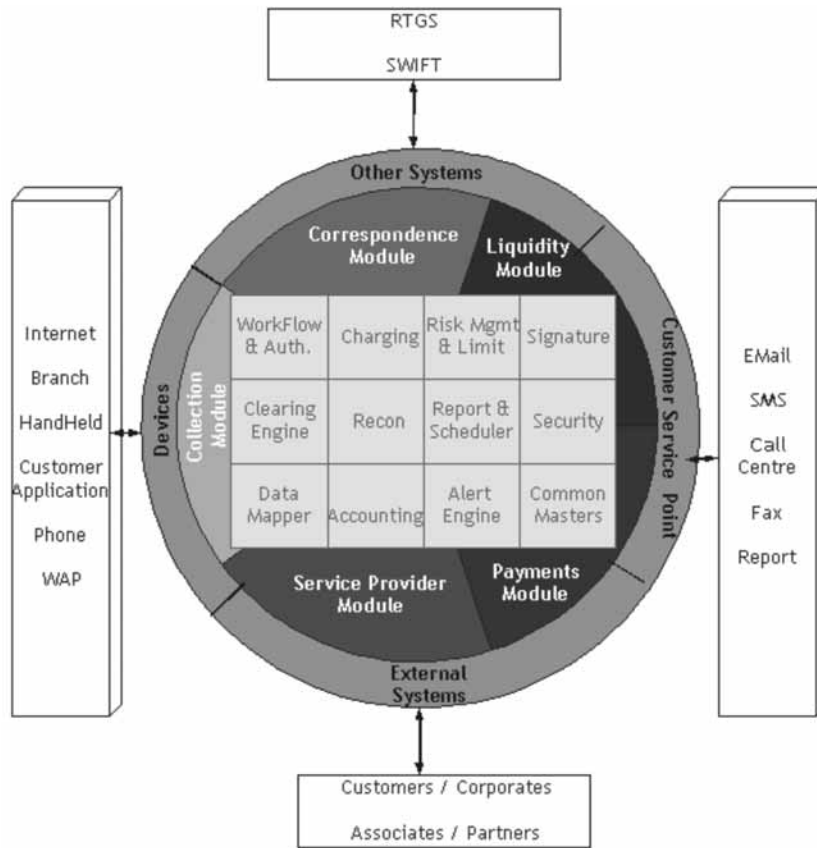
CashPro, the completely web based cash management solution on J2EE architecture, is uniquely placed to offer the next generation solution to banks and Corporates. *CashPro* suite represents a group of tightly integrated solutions that collectively allow banks to offer complete range of cash management services to the clients. In general, cash management offerings are high volume, transaction intensive and workflow driven offerings. Collectively, *CashPro* can manage a number of transactions a day, offering solutions for diverse workflows as well as STP capabilities.

Product Features

CashPro is a highly scalable and feature-rich suite allowing banks to offer comprehensive cash management services to its customers with complete STP. *CashPro* is capable of seamlessly integrating itself with the core banking system of a bank to provide real time visibility and risk management ability to banks.

Major features of the system include:

- Open and scalable architecture based on J2EE, XML standards
- Completely browser based system
- Web based secured system capable of supporting multi country environment
- Ability to handle very high volumes
- Provides access to customers through various channels like branch, Internet, mobile, customer applications, call centres and IVR.
- Service customers through, Internet, email, fax, contact centre and SMS
- Developed to seamlessly integrate with core banking system and other external systems as per the client requirements
- High-level security supporting digital certificates and template driven user management.
- Highly customisable event based alert system.
- Comprehensive internal and external MIS in various formats
- Comprehensive data mapper in various formats
- Single sign-on across various modules
- Comprehensive accounting and reconciliation modules that support bank specific accounting and reconciliation rules.
- Ability to supports various workflows, imaging and document storage.
- Provide for initiation through various funds transfer mechanism like RTGS / FEDWIRE / ACH / CHIPS / CHAPS / SWIFT.



Future Versions of CashPro

Based on changes that take place in the marketplace as discussed under the Para titled ‘Cash Management Roadmap’ in this Prospectus, improvements in the CashPro will continue to be made to meet the market needs. Following additional modules and functionalities are being built in a phased manner:

- Building supply chain financing functionalities by integrating CashPro trade finance system on banking side with corporate extranets and supply chain management systems on corporate side.
- Consolidating corporate banking business as a single channel for the customers
- Integrating collections, payments, working capital facilities, vendor financing, short-term loan and investment etc. in CashPro. This would enable banks to offer integrated services of complete corporate liquidity management and become outsourcing partners to the corporate.
- Building industry specific offerings like
 - Distribution for mutual funds, insurance etc.,
 - Govt. business like tax collections, provident funds and pensions, etc.,
 - Managing accounts receivables for corporate
- Building functionalities to be able to offer the solution as an Application Service Provider for smaller banks.
- Building functionalities to allow use of analytics to optimize liquidity

CHEQUE TRUNCATION SYSTEM

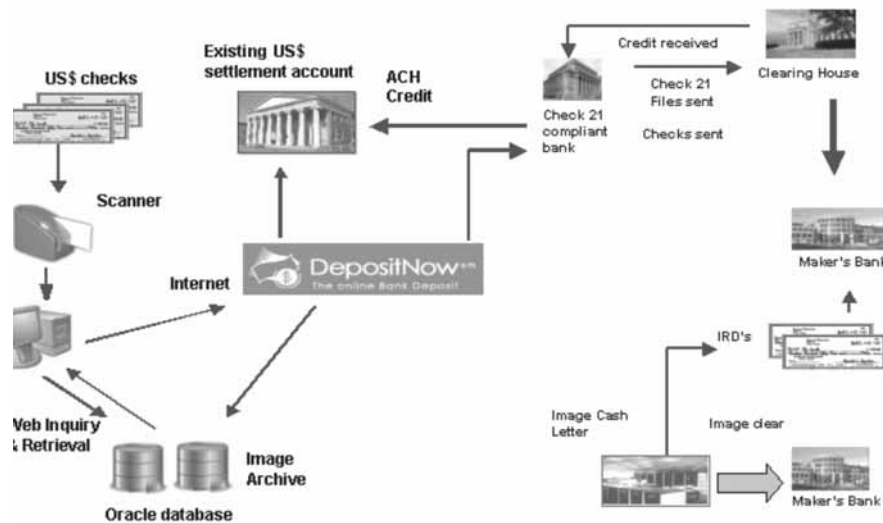
We have developed a Cheque Truncation System (CTS) product (called DepositNow) for BankServ, one of the major payment ASPs in the USA. DepositNow is a system based on internet communication and guarantees credit to customers without changing the Settlement Account. DepositNow, with negligible installation costs, replaces physical movement of cheques with electronic images. It is an online image-based cheque clearing system, where the cheque images are captured using low cost scanners at the payee branch and transmitted electronically to the payer branch/payer service branch. At the payer branch the system continuously receives and processes this cheque information transmitted from the presenting branches throughout the

clearing window. This product is already in use in the USA, where the cheque truncation system got a legal sanction under a legislation known as *Check 21*.

The key features of *DepositNow*

- The system conforms to ANSI standards for Electronic Cheque Exchange (X 9.37) and Financial Image Interchange (X9.46) file formats
- It uses Public Key Cryptography to handle security issues like privacy, Message Integrity, authentication and non-repudiation.
- It enables easy and seamless integration with existing bank software configurable as per the existing banks infrastructure.
- It provides facility for Image Query and Customizable reports and a fully configurable log of all system activities for audit trail.

Pictorial Representation of the working of *DepositNow*



Scope

- Handling of International Cheques
- Using current bank's platform for domestic upcountry cheques
- As a Third Party Product for a Bank's Customers

Additional Modules

DepositNow will continue to be updated to meet the changing needs of client. Following additional modules and functionalities are being planned to be built in a phased manner:

- Interfacing with other local Systems.
- Automated Reconciliation, MIS and Reporting ad Map
- USD / Foreign Currency Collection Product
- INR check truncation

We plan to distribute this service in Asia for BankServ. In future, when the CTS is introduced in India, we also offer this service for local cheque truncation.

TREASURY MANAGEMENT SOLUTIONS FOR BANKS

Treasury Simulator (*BoursePro*)

BoursePro, our flagship product in the treasury domain, is a forex-trading simulator. Treasury is normally one of the core profit center in almost all the banks. There is a great demand for a high level treasury training programs across the globe. In general, these training programs are more theory driven and less practical and there exist very few comprehensive simulators. We, in partnership with Dr. Mahendra Mehta, our Technical Advisor, have created *BoursePro* to address this specific need. *BoursePro* has been designed primarily with active help of Citibank, one of the largest banking groups in the world to meet their global treasury training needs.

Dr. Mehta (brief details about whom are given on page 66 of this Prospectus under the caption “Board of Advisors”) has extensive experience in risk management training, and is the official trainer for Citibank in this domain globally. Based on the needs experienced during his training practice over the years and on the basis of inputs from current training system at Citibank, *BoursePro* was created with technological and functional features that are much ahead of the products currently available in the market.

The key features of *BoursePro* that are not available in any other similar product are:

- Market simulation - Live news feed helps duplicate real life scenario of the trading environment. Participants can take advantage of real life news, real life currencies and various trading instruments.
- Trading platform – The screens are designed keeping in the mind the real life look and feel of participants interface.
- Book keeping and portfolio management - Portfolio management helps individual participants to measure real time mark to market and real time value-at-risk-calculation.
- Performance evaluation - Traders are analyzed on various bases like - trading style, risk adjusted profits, various risk-reward indices, appropriate trading and quoting style, dealing speed, management of risk limits, etc.

Due to the above key differentiators, we believe, our programs will be preferred by the users.

RISK MANAGEMENT SOLUTIONS FOR BANKS

We have the following two risk management solutions for the Banks.

- Credit risk management solution
- Market risk management solution

Credit risk management solution (*under development*)

Our Credit Risk Management Solution provides banks, the whole spectrum of credit risk management tools thereby being a facilitator in credit off-take decisions. The features of this solution are:

- Ability to interface with any underlying Credit Risk Model.
- Ability to capture all variables for Credit
- Pricing decisions like Probability of Default (PD) using Ratings Migration Matrix; Loss given Default (LGD) and simulations based Value at Risk (VaR).
- Ability to perform tasks integral to Credit Risk Management like Stress-Testing and Back-Testing of results for better credit off take decisions.
- Product Dashboards for Obligor and Portfolio Credit Risk Management for banks.
- Add-ons of Credit Product Monitoring and adherence to Basel II norms of Capital Allocation and Credit Risk Management.

Market risk management solution

Our Market Risk Management Solution provides banks with a comprehensive view towards understanding the intricacies of market movements and helps generate various scenarios for better understanding of the market. The features of this solution are:

- Integrated Real-Time VaR based, risk management and middle office system
- Enhanced functionalities such as multiple entry hierarchy levels, Yield Curve Generation
- Supports a wide variety of instruments from simple bonds to complex structured instruments
- User selectable methodologies for computation of VaR like Monte Carlo Simulation, Hybrid Simulation, etc.
- Supports multiple currencies and follows all Basel II compliances.
- Provides comprehensive risk reporting and real-time analytics across multiple dimensions such as Term wise, Instrument wise, Risk type, Counter part wise, etc.
- Enhanced tools like Incremental VaR, What-If Analysis, and Sensitivity Analysis etc.
- Logs all events, facilitating full audit trail.

Key Differentiators

Compared to other contemporary products, our risk management products have advantages in the following areas:

- Competitive pricing
- Ease of implementation
- Integrated, real-time, online risk management system
- Supports proprietary yield curves

IT SERVICES

We offer IT services to customers in the banking industry as well as others. To banking customers, we provide services, among others, supporting third-party products which enable us to establish credibility for our mainline products and serve as door openers for the future sales in products. Also, our experience in supporting our own products has given us expertise in many areas of Banking IT support.

Our IT services to non-banking clients serve to complement and build certain competencies and strengths required for our banking solutions business. We have a vibrant custom solutions delivery capability that is driven by the same customer centric values. These IT Services offerings have developed as we have moved from being custom application developer to a niche product Company. We have retained these services to provide some complementary advantages to our customers.

BANKING IT SERVICES

Under Banking IT Services, we have the following four practice streams:

- **Program Management Services:** These services involve end-to-end program management which encompass the entire spectrum from Solution Consulting, Project Management, Cross Functional co-ordination and accurate and smooth transition from Business Requirement to Live Transaction Processing.
- **Migration Management Services:** These services involve strategic and design based consulting, Business Process Re-engineering, Database Management and User/Client Training.
- **Testing Services:** Our domain based Testing Services involve the testing of the entire scope of the solution from functional aspects, handling of error conditions, control requirements, exception handling, performance of the system and contingency requirements.
- **Support Services (1st Party and 3rd Party Software):** Our support services involve user training and helpdesk where we provide technical support, version control and release management services and development of interfaces with legacy systems. Our support services also assist in application rollout and support as well as providing warranty support for 30 days from the date of live cut-off or 60 days from the start of UAT, whichever is earlier.

BESPOKE IT SOLUTION SERVICES

We have developed world-class skills in best management practices along with latest technology in offshore development.

We currently offer the following IT services:

- Custom application development (off-shore project development)
- System maintenance and support
- Migration and re-engineering
- Resource Augmentation (J2EE/ .net skill sets)

OUR POSITIONING

We, being a specialized provider of software solutions and offshore IT outsourcing services to the banking and financial services and technology companies, our solutions are a combination of domain knowledge and technical expertise. Over the years we have gained considerable experience in developing applications in Cash Management, Treasury and Risk management. We are working successfully with leading global banks and financial institutions and technology companies. Since inception we have been advocating and successfully executing projects based on the offshore delivery model with in-built flexibility, in allowing customers to choose what will best suit them. Our software solutions have helped our customers maximize profitability and manage risks better.

The key to our accomplishments are largely due to our ideal mix of senior managers and advisors, who share a rich background in banking and technology and have developed valuable relationships globally. Together, we have a wide network in the industry, a key to establishing the first line of credibility. The network also keeps us alive to global trends in banking from an insider perspective.

TECHNOLOGY FOCUS

We have mainly developed solutions and products using web-based technologies. We adopt to new and emerging technologies to deliver innovative solutions to its customers. We have worked on several projects that require integration of multiple operating systems and platforms.

OUR HUMAN RESOURCES

Our human resource policies are targeted at creating an engaged and motivated work force. We have a fairly young team. As on August 30, 2005 the Company has a total strength of 189, out of which 149 employees are permanent employees, 14 are employed on contract basis, 8 are on the vendor's payroll and 18 are Trainees.

Software Skills

In our Company, we have skilled technical resources in different technologies. This enables it to provide resource neutral solutions and strategies to our clients. The following chart gives a brief indication of the technical capabilities amongst our technical team.



Recruitment and Selection Policy

We have a fair and transparent recruitment policy. We conduct extensive interviews and psychometric tests.

Training

We encourage our employees to engage themselves in continuous education besides conducting training programmes, so that they keep themselves abreast of the latest technological changes and innovations taking place across the industry. Besides educating them on the technological skills, our training programmes help participants develop their managerial capabilities so that they are able to build, lead, inspire and energize their teams.

Compensation Policy

Our compensation policy reflects our continuing efforts to build a world-class performance driven culture.

OUR REVENUE MODELS

In our business, we formulated different revenue models, depending upon the line of practice. The revenue models for each line of practice are as discussed below:

Cash Management Solutions

In this line of practice we derive one-time revenue from licensing the products to our clients. We also derive one-time income from customization, implementation and enhancement. On account of AMCs, we derive annual income for maintaining the products licensed by us.

Cheque Truncation Software

In this line of practice our revenue will come from providing ASP based services to Banks, who implement this service in their branches. We propose to charge the client-bank on the basis of number of instruments handled. We also intend distribute this product in Asia for BankServe, thereby deriving one-distribution and implementation fees. We also earn AMC fees from the banks, which implement this product. In future, when CTS is implemented in India we also derive income for local cheque truncation on ASP model.

Treasury Management Solutions

Our treasury simulator *BoursePro* is sold both as a licensed product as well as on rental charged per participant per program basis.

Risk Management Solutions

In this line of practice, the revenue streams are similar to those mentioned in the Cash Management Solutions above.

IT Services

In our IT Services practice, we charge our customer either on the basis of Fixed Contract method or through time-and-material method. The method of billing is decided at the time of engagement of the service, considering all the relevant factors.

CLIENTELE

We have as our customers leading technology savvy banks, both private sector and MNC's Banks. These banks are innovative market creators and believe in technology as a key enabler. For IT Services too, we have major organizations to whom we have provided services. Our clientele includes:

For BFSI Sector Solutions		For IT Solutions
ABN AMRO	United Western Bank Ltd	Windwood Group for Fuji Films (USA)
BankServ Inc.	Kotak Mahindra Bank	Xstorage (USA)
Centurion Bank	Qatar Insurance Company	Mastek (India)
Deutsche Bank	UTI Bank Limited	BDP Asia Pacific, through Cyberlog (Singapore)
HDFC Bank		IDS group through Cyberlog
DBS Bank		State of Maine, USA

COMPETITION

We are one of the new generation niche product companies with experienced team and deep domain knowledge and proven product suite. Globally there are only a handful of players in niche area of cash management and risk management. We are in a tactical position in our current focus markets of India and Asia. There are very few competitors with high relevance to the existing suite of our products. While competing with these companies in specific region, our objective is to be a global player in our focused area of cash management and risk management.

Cash Management

The worldwide supplier's market for internet-enabled cash management technology is highly fragmented. This arises out of the fact that it is a niche area that requires highly specialized knowledge and is deeply tied to local business processes, markets and technology readiness. In the European and USA markets, banks are mostly attempting to move from legacy thick-client architecture to the new internet-enabled thin-client architecture. There are also a few existing legacy players attempting to web-enable the existing products. There are also many start-ups with new generation products in this space. In Asia, a majority of banks are entering cash management for the first time, and the demand is for the thin client J2EE products. In Europe, many banks are looking to move from legacy systems to J2EE based systems. In addition to these primary competitors, there are some IT services providers who compete where there are overlapping requirements. Based on customer requirement, these companies also propose cash management solutions to clients in certain markets. Compared to our competitor's products our products enjoy certain advantages explained in this Prospectus on page 45.

Risk Management

The Risk management segment is a highly specialized area and there are specialized solution providers world over. The market for risk management practices is changing fast in the European and USA countries due to their vibrant and highly active stock and commodity markets. The vendors in these markets have to be flexible to adapt the changes incorporated by the exchanges at regular frequency. The competition in the financial sector has lead to creation of new financial products and hence compelled the vendors to be proactive in their approach. The banks and other financial institutions are looking at Risk Management on top of the Basel II compliance deadlines.

Most of the banks in the non-developed countries will have to follow the Basel II timeframes, but the key challenge for them is the non-availability of structured data and in some cases non-availability of data itself. These cases are common across Middle East, Africa and Asia. The challenges for the solution vendor creating a risk management solution that can work for the non-listed (small and medium sector) are immense.

The opportunity lies in an entry solution for the Asian market and a product service model for the replacement market in US and Europe. For us, the primary competition comes from the established players in treasury solution and few specialised risk

management product vendors. Compared to our competitor's products our products enjoy certain advantages explained in his Prospectus on Page 48.

COLLABORATIONS, ANY PERFORMANCE GUARANTEE OR ASSISTANCE IN MARKETING BY THE COLLABORATORS:

There are no any collaborations, any Performance Guarantee or Assistance in Marketing by the collaborators.

THE BUSINESS STRATEGY

We believe, we have embarked upon a journey to attain leadership position in our chosen domain within the next three years by setting specific targets with respect to size, focus and markets. In addition to India, where we plan to consolidate our position by aggressively targeting PSU and other private banks who have been relatively late adopters of technology, we plan to take our basket of cash management and treasury products to Asia and further make them global. India has been a bellwether market for cash management in Asia. This makes the contemporary India-based products, appealing to the banks across Asia. We will continue to provide IT services in areas, which lead to further strengthening of our technical expertise and development processes.

To achieve these objective, we have formulated certain strategies pertaining various aspects of our business as described below:

SALES AND MARKETING

The sales and marketing strategy is based on building upon strengths and results already achieved. Accordingly, over the next 2-3 years, we plan to consolidate our position in India and penetrate in other parts of Asia. In parallel, we would also strive to build credible partnerships in Europe and USA as an entry strategy and build on the same for a full-scale penetration in future.

GEOGRAPHICAL SPREAD

India

We plan to consolidate our position in cash management market in India primarily by driving the proven product frameworks to the next segment of the market consisting of conservative banks. Most conservative banks are currently in the process of implementing a core banking solution. This would act as an enabler for their cash management practice. The relationships that have been established with leading banks will further enable us to drive product innovation and leadership for the established products.

Asia

India being the bellwether market of Asia in cash management and risk management, the Asian countries are expected to be more receptive to the Company's established track record in these products in India. Experience and leadership in India is providing a leverageable advantage for breaking into the Asian market. The in-depth understanding of these markets within the management team is also a significant catalyst to these processes. The emerging market conditions in the Asian countries also provide competitive advantage to our products in terms of their high suitability to the market condition in the regions.

We are getting very encouraging signals from the locally entrenched vendors in these markets in establishing partnerships and building sales pipelines. The target markets in Asia are divided into three regions. A banking expert heads the sales effort for each of these regions:

- Middle East banking Solutions Group
- Asia Pacific banking Solutions Group
- India and South Asia Banking Solutions Group

Europe and North America

- The focus in the European and US markets is on business development in the form of establishing long-term partnerships. This would help us in the second phase of our foray into the international market in about 1-2 year's time frame.
- One of the key relationships in US is with a leading e-payment ASP, BankServ. This will provide the domain knowledge for CMS in the US market and improvise delivery capabilities.

AgileSolv, Aurionpro's wholly owned subsidiary in the USA, serves as a base to market solutions and services and will be utilized to expand the marketing initiatives into the US market.

STRATEGIC SALES PARTNERSHIPS

International customers require both product expertise and local presence and understanding. In the medium term, using partners to enter markets lowers customer acquisition costs, shortens acquisition cycle time, and de-risks business development efforts to some extent.

For product and solution sales to local banks, the first line sales interface will be the local partners. These partners are typically well entrenched in their markets and this would ensure breaks into different countries, with an easier sales cycle. Partnerships have already been set in Singapore, Thailand, Malaysia, Indonesia, UAE, Qatar and other Middle East countries. The following is an illustrative list, of the kind of partners we have tied up with:

- **Oman Consultancy Services LLC (OCS)** - Region Partner for Middle East: OCS is a part of the Zubair Corporation group providing IT consultancy services to customers globally. OCS is ranked as one of the leading IT Company in Middle East. The parent group brings in rich experience of 22 years in the area of technology consulting.
- **Gulf Infotech WLL**, Qatar: Gulf Infotech is a 100 percent subsidiary of a multifaceted and diversified US\$ 55 million HBK Group. Gulf Infotech specializes in end-to-end software solutions in the area of cash management, wealth management and risk management.
- **Infobyte International – Bahrain**: Infobyte International is a Bahrain based award winning software company focusing on developing products to assist traditional business models migrate to the networked economy. Infobyte has its offices in Bahrain, India and Lebanon.
- **NewGens Pte. Ltd. – Singapore**: NewGens is a software solutions company with expertise in project management, business consultancy, STP implementations, solution architecture, financial message flows, SWIFTNet product and services, business continuity plan and risk management. NewGens serves a large number of multinational customers like ABN AMRO, BNP Paribas and Commercial Bank of China.
- **Asterix Systems Sdn Bhd – Malaysia**: Asterix is a regional services company providing consulting, application development, systems integration across different verticals, predominantly in BFSI segment. Asterix provides software solutions to large banks like HSBC and RHB Bank.
- **Pro-Line (Thailand) Co. Ltd. – Thailand**: Pro-Line a group of technology companies providing hardware, software and integration services. Pro-Line is Thailand's premier technology provider for various industries such as manufacturing, finance and securities trading and education.
- **PT. Mitra Integrasi Informatika (MII) – Jakarta, Indonesia**: MII is part of 3- years old Metrodata Group of Indonesia. They specialise in IT infrastructure and focus on Banking industry in addition to some non-banking clients. They are the business partner for HP, IBM Lotus Oracle, and Microsoft. Their client list includes bank danamon, BNI and Bri of Indonesia.
- **Integro Technologies Pte Limited - Singapore**: Integro is a Software Company, with branches in Malaysia and China, servicing many banks in the Asia Pacific region. Integro's vision is to create on demand financial solutions, designed by bankers for bankers. In line with its vision, Integro is dedicated in its mission in assisting financial institutions in Risk management in operational efficiency by delivering customer-centric web-based solutions through common platform. Integro's client list includes regional and global banks like UOB Bank, Singapore and Bank Mandiri Indonesia.

IT SERVICES

In addition to this we have taken steps toward deep-rooting our approach as an IT services provider to a majority of companies in India by tying-up, in time and material as well as maintenance projects, with industry majors.

Property Details of current leased/owned properties -

City	Address	Landlord	Area in Sq ft.	Period of Lease
Mumbai	1st Floor, Udyog Sadan III, Andheri (East), Mumbai –93.	Intersil Semiconductors Private Limited	3,300	24 months
Mumbai	Dhiraj Pen Compound, 58/59, Andheri Kurla Road, Andheri (East), Mumbai – 59.	Glorimex Private Limited and	587	11 months
		A-1 Profile	1,500	12 months

As per the audited Balance Sheet for the year ended on March 31, 2005 , the company does not own any immovable property.

PURCHASE OF PROPERTY:

There is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus. The Company proposes to acquire the property on lease basis as detailed under the head "Objects of the Issue" appearing on page no. 21 of this Prospectus.

The 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 thereof.

KEY INDUSTRY-REGULATIONS

There are no Key Industrial Regulations.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY:

History:

INCORPORATION

Our Company was incorporated on October 31, 1997 as Value Added Information Distribution Services Private Limited. The name of our Company was changed to VAIDS Technologies Private Limited on April 30, 2001 as 'VAIDS' is the acronym of "Value Added Information Distribution Services" and subsequently to Aurionpro Solutions Private Limited on September 18, 2003 to reflect Domain-based Solutions. We converted our Company into a public limited Company on March 09, 2005.

At the time of incorporation the Registered Office of the Company was situated at 404, Gold Mohur, 174, Princess Street, Mumbai 400 002. With effect from December 17, 2004, the Registered Office of the Company is shifted to the present address.

BACKGROUND

Our Company was started in 1997 by Mr Bhavesh R Talsania, a Chartered Accountant and Mr Amit R Sheth, a finance professional with engineering and management qualifications, as a bespoke IT services provider in Microsoft and Java technologies. In 1999, we got an opportunity to enable a leading private sector bank to enter the cash management market through innovative products and solutions. In the same year, Mr Paresh C Zaveri, finance professional with engineering and management qualifications joined the Company as a Promoter. As our services practice grew with more opportunities coming our way, our focus got crystallized in providing banking IT solutions. Over the years we have grown to become a strong technology Company as a number of software professionals joined us and built the niche expertise extensively.

In 2003, we formed a strategic partnership with Aurionpro Services Pvt Ltd., a company founded by experienced banking professionals formerly with the Citigroup having deep domain experience in niche areas. This partnership, besides deepening our banking IT focus, expanded the core team to include senior banking technology professionals with rich experience and deep understanding of current and future banking needs, thus enabling us to transition ourselves from being 'founder centric' to 'professional'. The partnership was further strengthened with equity relationship as Aurionpro Services Private Limited became a significant shareholder in our Company, through an agreement the terms of which, *inter alia*, provide that Aurionpro Services Private Limited would be engaged in the business of management consulting and Business Process Outsourcing (BPO) and our Company, being a technology company would provide systems support both for process automation and outsourcing bridging. This arrangement enabled the group to present an array of services to the banking sector on a mutually beneficial basis. The name of our Company was, then changed to Aurionpro Solutions.

Major events in the History of the Company:

Year	Event
1997	<ul style="list-style-type: none"> ● Incorporation of our Company ● Launch of first product for BFSI sector.
1998	<ul style="list-style-type: none"> ● Development of Offshore delivery model with development projects from Singapore and USA.
1999	<ul style="list-style-type: none"> ● Executed the first order in banking. · Development of first banking product CBSS commenced
2000	<ul style="list-style-type: none"> ● Foundation laid for CashPro with development of payment system for an large Indian bank
2001	<ul style="list-style-type: none"> ● Launch of <i>DivPro</i> - dividend warrant processing system
2002	<ul style="list-style-type: none"> ● First Campus recruitment from IIT ● Acquisition of additional key banking Clients in India ● Enter into strategic partnership with Cyberlog Technologies, Singapore, IT partner for BDP Asia Pacific

Year	Event
2003	<ul style="list-style-type: none"> ● Entered into strategic partnership with Aurionpro Services Private Limited ● Campus recruitment from four Campuses of IIT ● Inducted a team of senior banking professionals ● Extending presence to Singapore by acquiring Aurionpro Solutions Pte Ltd ● Entered into marketing and sales partnerships in Asia
2004	<ul style="list-style-type: none"> ● Launch of <i>CashPro</i>, an integrated cash management product ● Acquisition of Treasury product CSGL ● Launch of <i>BoursePro</i>, a treasury simulator product ● Expansion of operations in USA by acquiring of Agile Solutions LLC, USA along with its clients ● Acquisition of initial BFSI clients in Middle East and South East Asia. ● Dedicated development team for a leading USA based BFSI Company ● ISO 9001:2000 certification by Det Norske Veritas (DNV).
2005	<ul style="list-style-type: none"> ● Significant order from one of the largest banks in Asia Pacific. ● Acquisition of five new clients from UK and USA ● Broad-basing the Board of Directors and introducing Corporate Governance practices in our Company.

Main Objects of the Company:

The main objects of the Company as given in the Memorandum of Association of the Company are reproduced below:

“1. To engage in and carry on the business of development of software application, packages, system modules and to provide technical, management and project consultancy service for development of systems, packages etc., and also to undertake programmes for training of personnel at various locations for development of software application, packages, systems, modules and engage in marketing and distribution of software, system, modules, computer hardware and peripherals.”

The present business of the Company is in line with the main objects of the company.

Subsidiaries

We have two wholly-owned foreign subsidiaries one in Singapore and another in Newtown, Connecticut, USA. The subsidiaries are formed to support the activity of the Company i.e. to market the services and provide support to the implementation of the projects in their respective regions.

None of the Subsidiaries is a Sick Company.

Aurionpro Solutions (Pte) Ltd, Singapore

Aurionpro Solutions (Pte) Ltd was incorporated on June 19, 1999 with the Accounting and Corporate Regulatory Authority, Singapore vide registration number 199903424M. It has its registered office at 3, Shenton Way, 07/04, Shenton House, Singapore 068805. Aurionpro Solutions Pte Ltd is engaged in the business of development of software solutions and services to the logistics business of major organisations.

We have acquired Aurionpro Solutions (Pte) Ltd, Singapore w.e.f April 01, 2003, to support the activities of our Company i.e. to market our products and services and provide support to the implementation of the products and services in the Far East Asia. Originally, we have acquired the 2 outstanding shares of SGD 1 each and subsequently in Fiscal 2005, we have subscribed to the 543,797 shares in the Company. The entire shareholding of the Company is held by us.

The brief financials of Aurionpro Solutions Pte Ltd are given below:

(Figures in SGD)

Particulars	Fiscal2005	Fiscal2004
Total Income	985,530	917,250
Profit After Tax	47,529	9,161
Share Capital	5,43,799	2
Reserves & Surplus	58,480	10,951

There are no litigations pending against this company.

Agile Solutions LLC, USA (AgileSolv)

Agile Solutions LLC was incorporated on January 27, 2003 vide filing No. 0002529220 with the Secretary of State, Connecticut, to engage in any lawful act or activity for which limited liability companies may be formed under Section 34-100 to 34-242 (both inclusive) of the Connecticut Limited Liability Company Act. It has its principal office at 153, South Main Street, Newtown, CT 06470 and was allotted a Employer Identification Number IEN: 13-4234236. AgileSolv provides custom software development for a wide range of clients, including banking, finance, consumer electronics and logistics. AgileSolv provided a complete suite of cost-effective, efficient and flexible outsourcing solutions for their information technology needs to some of the best known companies in the financial, consumer, logistics and service industries. It also offers full array of data-entry and data-processing services.

We have acquired with effect from September 01, 2004, the 100% interest in AgileSolv. Along with the Company we also acquired their valuable clients with whom we aspire to have increased business relations. AgileSolv will also support the activities of our Company i.e. to market our products and services and provide support to the implementation of the products and services in the East Coast of the USA.

The brief financials of the company are given below:

(Figures in USD)

Particulars	Period from Sep 01, 2004 to Mar 31, 2005
Total Income for the period	285,810
Profit After Tax / (Loss) for the period	64,981
Share Capital at the end of the period	38,927

There are no litigations pending against this company.

SHAREHOLDERS' AGREEMENTS :

There are no subsisting shareholders agreements that the Company is aware of.

OTHER AGREEMENTS

1. Agreement between the Company and Aurionpro Services Private Limited.

As stated earlier in this Chapter, in 2003, our Company (then Vaids Technologies Limited) entered into a strategic agreement with Aurionpro Services Private Limited. The salient features of the agreement area as follows:

Objective:

Is to bring about a strategic relationship between the two companies so as to bring synergies in to the Business and working of the companies.

Capital :

The Companies agreed as follows:

- a. Aurionpro Services Private Limited will issue Aurionpro Solutions Limited 7,000 shares, amounting to 7% stake in it for a sum of Rs. 7,00,000.
- b. Aurionpro Solutions Limited will issue Aurionpro Services Private Limited 1,04,000 shares, amounting to 33% stake in it for a sum of Rs. 10,40,000.

Further if Aurionpro Solutions Limited attains a turnover of Rs. 10 Crores by the fiscal year 2004-05, Aurionpro Solutions will have the option to enhance its stake in Aurionpro Services Private Limited upto 15%. Aurionpro Services Private Limited and / or its principal shareholders will issue sufficient additional shares to give effect to this option, if exercised. Such shares will be issued at a price of Rs. 200/- per share irrespective of the current price of the shares. Such an option will have to be exercised by Aurionpro Solutions Limited within 60 days of the end of the fiscal year.

Aurionpro Solutions Limited has since exercised the option of increasing their stake in Aurionpro Services Private Limited. Currently the Company is holding 15.94% of the Paid-up Capital of Aurionpro Services Private Limited appearing on page no. 68 of Prospectus.

Affairs of the Board:

- a. Each party will nominate at least one person from its side to the Board of Directors of the Other party. The number of Directors on the Boards of each party from the other party will be as mutually agreed from time to time.

- b. Each party shall be entitled to appoint alternate director to act on its behalf or for any director appointed by the party during his absence for a period of not less than three months from the location in which meetings of the board are regularly held.

STRATEGIC PARTNERS:

The Company has following Strategic Sales Partners: Oman Consultancy Services LLC (OCS), Gulf Infotech WLL, Infobyte International- Bahrain, NewGens Pte. Ltd. –Singapore, Asterix Systems Sdn Bhd.-Malaysia, Proline (Thailand) Co. Ltd.-Thailand, PT. Mitra Integrasi Informatika – Indonesia and Integro Technologies Pte Limited – Singapore. Copies of the agreements are available for inspection at the Corporate Office of the Company.

FINANCIAL PARTNERS

There are no Financial partners for the Company.

MANAGEMENT:

PARTICULARS OF DIRECTORS

The Company's AoA requires that there should be a minimum of 3 (three) directors and a maximum of 12 (twelve) directors at any given time.

At present, the Board of Directors of Aurionpro comprises of 8 members, out of which 4 are independent. The details of the Directors are as under:

Name and Address Occupation	Age (Years)	Qualification	Other Directorships	Equity Shares held	Remuneration (Rs. Lakhs) (2004-05)
Mr. Sanjay A. Desai, 31, Utsav, Podar Street, Above Savera Restaurant, Opp Asha Parekh Hospital, Santacruz West, Mumbai Business	42	ACA, M.B.A. (IIM, Bangalore)	Aurionpro Services Private Limited Fusion B Services (India) Pvt Ltd	2,04,852	5.75
Mr. Amit R Sheth, G-1, Shrilal Ashish Building, Plot No. 34, Garodia Nagar, Ghatkopar East, MUMBAI 400 077 Business	37	B.E. (Production), M.M.S.	NIL	6,76,800	5.83
Mr. Bhavesh R. Talsania, B-505, Alka Apartments, S. V. Road, Andheri West, MUMBAI 400 058 Business	39	ACA	Aurionpro Services Pvt Ltd	7,03,200	5.83
Mr. Paresh C. Zaveri, 3, Shenton House, Shenton Way, SINGAPORE Business	37	B.E. (Production), MMS	Director Aurionpro Solutions Pte Ltd, Mega Management Services Pvt. Ltd., Cyberlog Technologies Pte Ltd.	8,16,240	0.29 (part of the year)
Mr. Ajay Mittal, 26-A, Mittal Bhavan, Napean Sea Road, MUMBAI 400 026 Business	39	B.Com., MBA (USA)	Chairman & Managing Director Megavisa Marketing & Solutions Ltd Director Mega Fin (India) Limited Mega Safe Deposit Vaults P Ltd Mega Safe Custodial Services P Ltd Mega Capital Broking Limited Mega Meditex Limited Sunwell Farms P Ltd Appease Travels P Ltd BDP (India) P Ltd	NIL	NIL

Name and Address Occupation	Age (Years)	Qualification	Other Directorships	E equity Shares held	Remuneration (Rs. Lakhs) (2004-05)
Mr. Peter Max Huels, 9, Bagleys Lane, Vermont, Victoria 3133AUSTRALIA. Service	54	B.A. (USA), AFP	Director BDP Australia Pty Ltd BDP Asia Pacific Logistics China Ltd BDP Dubai LLC BDP Asia Pacific (HK) Ltd BDP India Pvt Ltd PT BDP Indonesia (Director and Commissioner) BDP Malaysia Sdn Bhd BDP Qatar WLL BDP Asia Pacific Pte Ltd (Singapore)	NIL	NIL
Mr. Prem G. Rajani, F-4, Panchshil, 53, 'C' Road, Churchgate, MUMBAI – 400 020. Solicitor	38	B.Com., LL.B., Solicitor	Chairman Holm KK Extrusions Private Limited Director Focus Point Consulting Services Pvt Ltd Santa Securities Private Limited JYD Management Services Pvt Ltd Neemtek Organic Products Limited BPL Mobile Communications Pvt Ltd BPL Mobile Cellular Limited **Alternate Director Prima Vetcare Private Limited	NIL	NIL
Dr. Nikunj P. Kapadia, 52 Maynard Road Northampton, MA 01060, USA Service	43	B.E., MBA (IIM, Bangalore), Doctorate in Finance (USA)	NIL	6,000	NIL

**Appointed with effect from July 25, 2005.

Brief Profile of the Directors:

For details of Mr. Sanjay Desai, Mr. Amit Sheth and Mr. Bhavesh Talsania please refer to page 9 of the Prospectus.

1. Mr. Paresh Zaveri, 37 years, Non-Executive Director, is an Engineer and Management graduate. He has over 12 years of experience in the areas of corporate finance, supply chain and general management. He has contributed significantly in building the company's services business in the logistics and supply chain domain in the Far Eastern markets. He has also been instrumental in setting up financial control and planning systems in the company. Based in Singapore, Paresh continues to lead the business development initiatives in the Far Eastern markets.

2. Mr. Ajay Mittal, 39 years, Independent Director, is a graduate from Mumbai University and an MBA from USA. He comes from a well-established, renowned Mittal Group engaged in construction. He is the Chairman and Managing Director of MegaVisa Marketing and Solutions Ltd a long established organization marketing specialty chemicals in Asia. MegaVisa also owns 51% equity in BDP (India), a JV with BDP, a US corporation, offering global logistics and supply chain services and solutions. Mr. Mittal has been involved with our Company since its inception and has played an encouraging role in developing logistics practice of our Company.

3. Mr Peter Max Huels, 54 years, a German, is a Bachelor of Arts from Towson State University in Baltimore, Maryland majoring in International Studies. He is a certified Associate Financial Planner. Peter is the Managing Director of BDP International for the Asia Pacific Region. During his career with the company for the past eight years, he has been involved in the growth and expansion of BDP operations through the setting up of new entities in 18 cities in 10 countries of the Region. Under him, BDP's Regional operations have matured to become a service provider of global logistics services offering end-to-end solutions for many Multinational Customers. In 2002, Peter was given additional charge of Middle East and Gulf Region where two new operations were started in Dubai and Doha, Qatar. In 2003, Peter assumed additional responsibilities as Managing Director for the BDP Global Network, which involves seeking out new alliances and joint-ventures in new markets to enhance BDPs global footprint, as well as developing business plans for BDP with regard to global strategy in key regions, new services, and growing the global Brand.

4. Mr Prem Rajani, 38 years, is a solicitor in Mumbai and England and Wales. Mr. Rajani is a practicing corporate lawyer and was previously with Messrs. Crawford Bayley & Co., one of the leading solicitor firms in India. He has a rich experience in international capital market transactions, project financing and such other similar assignments. As a Corporate Lawyer, Mr Rajani has handled various assignments relating to GDRs and FCCBs for listed companies engaged in oil, shipping, liquor, textiles, *etc*, setting up Mutual Funds, Venture Capital Funds/ advising FII's, Securitisation and Structured Finance transactions for listed companies engaged in telecommunications, iron & steel, oil, power, shipping and refinery, advising clients on wind power projects, financing, sharing of the sales tax benefits, operation and maintenance contracts, power purchase agreement *etc*, Joint Venture and Foreign Collaboration, including, technical collaboration, acting for Indian as well as foreign collaborators, setting up joint venture companies in India as well as abroad, in various industries, such as steel, power, oil, port, telecommunication, entertainment, software, pharmaceuticals, Infrastructure Projects including privatisation of ports, highway projects, *etc*, Mergers & Demergers, restructuring and reorganisations for various companies, including, listed companies in pharmaceutical industries, power, engineering and software, acquisition of companies and transfer of businesses/ undertakings for companies engaged in steel, cement, bulk drugs & pharmaceuticals, paint, telecom, television, *etc*, and advising and assisting clients on setting up offshore holding companies and various modes of investment and financing.

5. Dr Nikunj Kapadia, 43 years, is an engineer and alumni of Indian Institute of Management, Bangalore. He did his Doctorate in Finance from New York University in 1995. He is working as a Professor in Finance in Isenberg School of Management, University of Massachusetts, USA. His teaching interests are investment, international finance capital markets, Mergers and Acquisitions, Equity Products and derivatives. Besides teaching at University of Massachusetts, he also taught at University of Maryland, New York University, China-Europe International Business School, Shanghai and Dianos, Milano, Italy and has received high Mean Student Evaluations. Dr Kapadia, advises the Company on strategies and business plans.

Details of borrowing powers:

Vide a resolution passed at the Extra-ordinary General Meeting of the Company held on February 25, 2005, the members of the Company have passed the following resolution authorizing the Company to borrow funds upto Rs. 10 crores from financial institutions and banks.

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, and in accordance with the Memorandum and Articles of Association of the Company, the and also subject to such terms and conditions as may be determined by the Board of Directors of the Company or any committee thereof and also further subject to such approvals, consents, permissions or sanctions of appropriate authorities may be necessary, the consent of the Company be and is hereby accorded to borrow funds up to Rs. 10,00,00,000 from the financial institutions or banks on such terms and conditions as may be determined by the Board of Directors or committee thereof.

COMPENSATION OF MANAGING DIRECTORS/ WHOLE-TIME DIRECTORS

Subject to necessary approvals, the shareholders at the Annual General meeting held on May 28, 2005 , approved the appointment of Mr. Sanjay Desai as the Executive Chairman, Mr. Amit R Sheth as the Managing Director and Mr. Bhavesh R Talsania as the Executive Director (collectively referred to as Whole-time Directors) of the Company on the following terms:

A. Salary:

Rs. 9,00,000 per annum to the Executive Chairman; Rs. 20,00,000 per annum to the Managing Director and Rs. 18,00,000 per annum to the Executive Director.

(Consolidated salary inclusive of all the perquisites as mentioned in clause 'B' hereinafter).

B. Perquisites:

The whole-time Directors will be eligible for the following perquisites which shall form part of the salary specified in Clause A above.

1. Perquisites such as House Rent Allowance or Company owned fully furnished Residential accommodation, along with all amenities, facilities and utilities, reimbursement of expenses incurred on gas, electricity, water, services of watchman and gardener *etc.*, medical reimbursement for self and family incurred in India and / or abroad, leave travel concession for self and family, reimbursement of expenses incurred at clubs, company maintained vehicle with driver, premium towards personal accident insurance, telephone / communication facilities at residence *etc.*

2. Other benefits:

- a. Contribution to the Provident Fund, Superannuation Fund and Gratuity as per the rules of our Company and as applicable to the Senior Executives of the Company or as may be modified by the Government from time to time.

- b. One full months' leave for every eleven months of service and encashment of unavailed leave, if any, subject to the rules as applicable to the Senior Executives of our Company.

C. Commission:

The above Directors will also be entitled to a commission to each of them of not exceeding 1% of the net profits of the Company computed under Section 349, 350 of the Companies Act, 1956, as may be decided by the Board of Directors in its absolute discretion such that the total remuneration and commission do not exceed the limits described in Section 198 and 309 of the Companies Act, 1956.

The remuneration payable to the Directors is subject to the limits as laid down in sub-section (3) of Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in sub-section (1) of Section 198 of the said Act or such other limits as may be specified by the prescribed authorities from time to time.

Where in any Financial year, during the currency of tenure as Director, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances etc. to the Directors not exceeding the limits specified under, Part II, Section II of Schedule XIII to the Companies Act, 1956.

D. Sitting Fees:

The above Directors shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee/s thereof from the date of their appointment.

E. Others:

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

F. Termination:

The Board is entitled to terminate the agreements with the Directors:

- Forthwith by notice in writing on their vacation of office of Director by virtue of Sections 283, 284 and other applicable provisions of the Companies Act, 1956; or
- by giving 1 month notice in writing by either party.

Compliance with Corporate Governance requirements:

The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon our applying for the in-principle approval for listing of the Equity Shares on the Stock Exchanges. On our part, we stand committed to good corporate governance practices like transparency, disclosure and independent supervision to increase the value of our stakeholders. Accordingly, we have already undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit etc, details of which are as follows:

Committees Of The Board

Our Company has the following committee formed from out the members of the Board. The committee's were constituted on 25th May, 2005

Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange. The Audit Committee consists of only non-executive directors, with the majority being independent directors.

The members of the Audit Committee are:

Name of the Member	Designation
Mr. Ajay Mittal	Chairman
Dr. Nikunj Kapadia	Member
Mr. Paresh Zaveri	Member

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial

statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, the statutory and management auditors and the Board of Directors. The scope of Audit Committee shall include, but shall not be restricted, to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary;
2. To investigate any activity within its terms of reference;
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
4. Reviewing with the management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, 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.
7. Reviewing the Company's financial and risk management policies.
8. It shall have discussion with the Auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

The constitution of the Audit Committee is in compliance with the corporate governance requirements under clause 49 of the Listing Agreement.

Shareholders / Investor Grievance and Share Transfer Committee

As part of its Corporate Governance initiative, we constituted the Investors Grievance & Share Transfer Committee. The Committee is formed to specifically look into all the matters relating to shares and shareholders grievances i.e. approval of transfer/ transmission/ demat/ remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of Annual Report, non receipt of declared dividends *etc.*

The Committee comprises of the following persons:

Name of the Member	Designation
Mr Amit R Sheth	Chairman
Mr Bhavesh Talsania	Member
Dr. Nikunj Kapadia	Member

Remuneration Committee

The Remuneration Committee has been formed to decide and approve the terms and conditions for appointment of whole-time directors of our company and remuneration payable to other directors and executives of our company and other matters related thereto.

The Committee comprises of the following persons:

Name of the Member	Designation
Mr Prem Rajani	Chairman
Dr. Nikunj Kapadia	Member
Mr Paresh Zaveri	Member

Shareholding of the Directors

The Articles of Association of the Company do not require the Directors to hold any Equity Shares of the Company as qualification shares. The following table details the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as at the date of this Prospectus.

Sr. No.	Name of the Directors	No. of Equity Shares held
1.	Mr. Sanjay Desai	2,04,852
2.	Mr. Amit Sheth	6,76,800
3.	Mr. Bhavesh Talsania	7,03,200
4.	Mr. Paresh Zaveri	8,16,240
5.	Dr. Nikunj Kapadia	6,000
	TOTAL	24,07,092

Interests of Directors

Except as stated under the caption "Related Party Transactions" under "Financial Information – Auditors Report" of this Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in business of the Company. Except to the extent of their compensation as mentioned under the heading "Compensation of Managing Director/ Wholetime Director" of this Prospectus, and their shareholding or shareholding of companies they represent, the Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships as declared in their respective declarations.

Except as stated otherwise in this Prospectus on page numbers 56 / 58 and Related Party Transactions on Page no. 78 of this Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

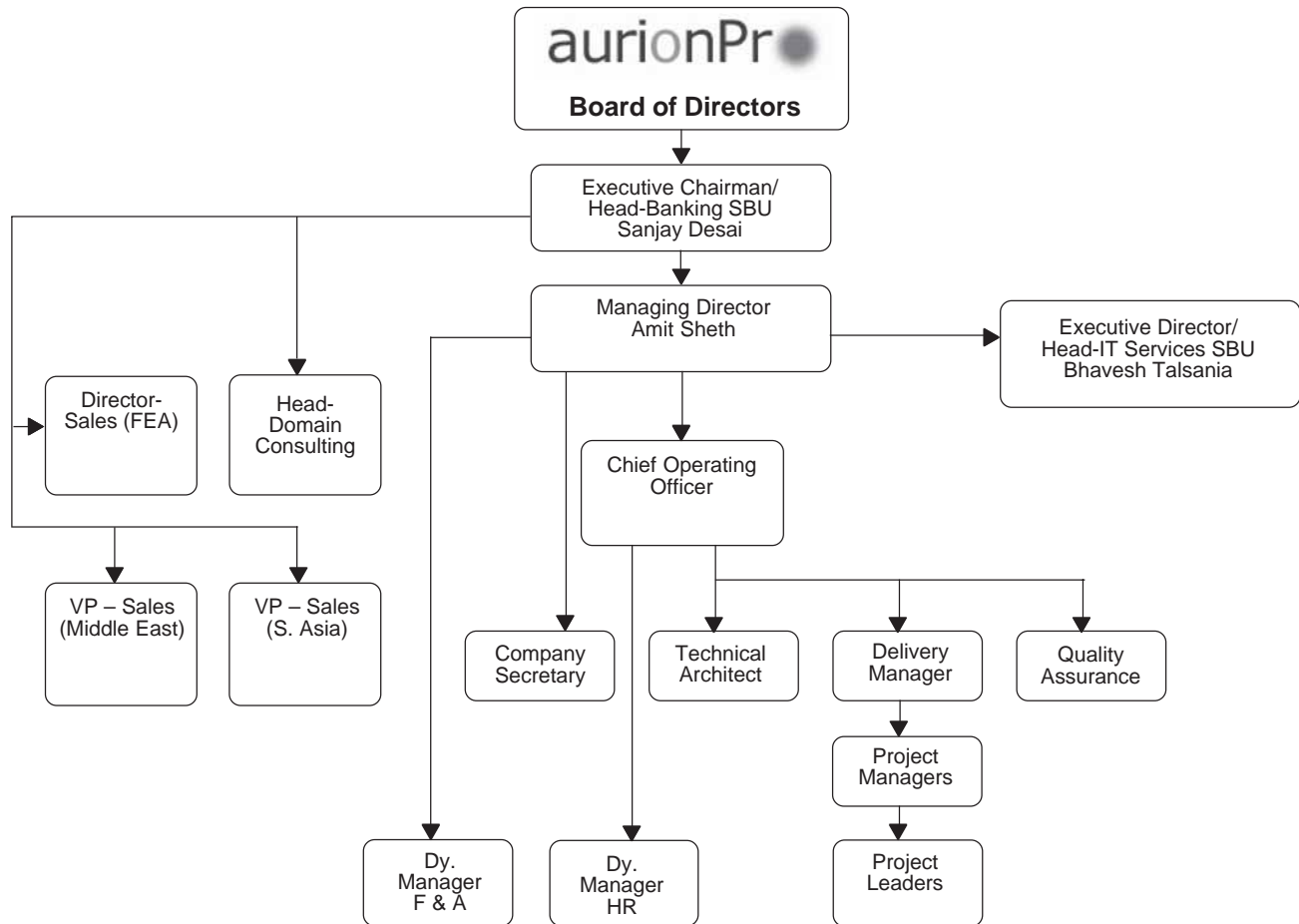
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against any loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted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

Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date of Appointment	Date of Cessation	Reason for change
Mr.Sukhmandir Lamba	4-Apr-02	31-Jan-05	Due to pre-occupation
Mr. Sanjay Desai	18-Feb-03	N.A.	N.A.
Mr. Ajay Mittal	25-Sept-2000	29-Mar-03	Due to pre-occupation
Mr. Ajay Mittal	4-Sep-03	N.A.	Appointed as Independent Director
Dr. Nikunj Kapadia	31-Jan-05	N.A.	Appointed as Independent Director
Mr. Prem Rajani	31-Jan-05	N.A.	Appointed as Independent Director
Mr. Peter Max Huels	31-Jan-05	N.A.	Appointed as Independent Director

MANAGEMENT ORGANIZATION CHART



KEY MANAGEMENT PERSONNEL:

As on August 30, 2005, the Company has a total strength of 189, out of which 149 employees are permanent employees, 14 are employed on contract basis, 8 are on the vendor's payroll and 18 are Trainees.

The key managers of the Company include the whole-time Directors of the Company viz Mr Sanjay Desai, Mr Amit Sheth and Mr Bhavesh Talsania, whose details are given on Page 9.

Name	Designation	Age (In Yrs)	Date of Joining	Qualification	Work Exp. (In Yrs)	Area Of Specialisation
Mr. Kamaljit Rastogi (Singapore)	Director-Sales (FEA)	35	02/01/2004	B.Tech. (IIT),M.B.A.	12	Looks after the sale of Company's products and services in the Far East Asia Region
Mr. Dhananjay Jadhav	Chief Operating Officer	33	20/08/2001	B.E.(Mech.) (VJTI),MMS (JBIMS)	10	In charge of software development and IT Services and drives the delivery processes and quality initiatives
Mr. Suhas Patil	Vice President – Sales – South Asia	35	01/04/2004	B.Sc. (Comp.), D.B.M., M.M.S.	15	Looks after the marketing and sales of banking products and services in India and South Asia Region

Name	Designation	Age (In Yrs)	Date of Joining	Qualification	Work Exp. (In Yrs)	Area Of Specialisation
Mr. Dhiren Dedhia	Vice President – Sales –Middle East	35	01/04/2004	B.Sc., M.M.M. (NMIMS),	10	Looks after the marketing and sales of banking products and services in the Middle East and Africa
Mr. Nitin Patel	Technical Architect	30	15/02/1997	B.E.(Elec.),	8	Chief Architect for all Software Development projects.
Ms. Kashmira Bhayani	Head – Software Delivery	38	01/06/2004	B.Com., CPA (USA)	11	Responsible for project planning, scheduling, monitoring, tracking of the banking services and also looks after the resource implementation.
Ms. Pratibha Dongre	Head – Quality Assurance	29	19/07/1999	B.Com., Dip (software Testing)	6	Looks after Implementing Quality Management System in Organization and training all the Project Leaders in Quality Documentation
Mrs. Angna Arora	Company Secretary and Compliance Officer	26	07/05/2005	LL.B., A.C.S.	2	Looks after the secretarial and legal matters of the company

The details of the other key managerial personnel of the Company are as follows:

Mr. Kamaljit Rastogi, 35 years, is an engineer from IIT, Delhi and an MBA from NUS, Singapore. He has over 12 years of global experience across development, project management, implementation and sales of cash management systems and services. Prior to joining ASL Mr Rastogi was working for ABN AMRO, Singapore as Vice President in charge of implementation of cash management systems across the Asia Pacific. He has been with ASL since January 02, 2004. He is designated as Director – Sales (FEA) and he looks after the sale of Company's products and services in the Far East Asia Region.

Mr. Dhananjay Jadhav, 33 years, is an Engineer from VJTI and MMS from JBIMS. He has around 10 years of experience in the field of project management. He has the experience of working with world-class project management consultants like ABB and Kaverner. He has been with ASL since August 2001. He is the Chief Operating Officer of ASL in charge of software development and IT Services and drives the delivery processes and quality initiatives at our Company. He also oversees planning and resource management functions.

Mr. Suhas Patil, 35 years, is an Engineer and MMS from Mumbai University. He has 15 years of experience in banking technology product sales and business development. Prior to joining ASL he was working with CashTech, where he was Business Development Manager in charge of PSU Bank Sales. He has been with ASL since April 01, 2004. He holds the designation of VP – Sales - South Asia and looks after the marketing and sales of banking products and services in India and South Asia Region.

Mr. Dhiren Dedhia, 35 years, possesses a Master degree in Marketing Management from NMIMS, Mumbai. He has over 11 years of experience in business and market development, involving sales of high-end turnkey project and product solutions; alliances and partnerships playing consultative role and architecting IT solutions for a variety of business challenges for customer in India, MEA and Africa. He has prior exposure with Tata Infotech, Hexaware Infosys Ltd and CashTech Solutions and interacted closely with top-rung banks which gave him sound understanding on the bank functioning in the area of Clearing house, anti-virus and security, e-banking etc, projects. Prior to joining ASL, he was with CashTech as Business Development Manager in charge of MNC Banks Sales. He has been with ASL since April 01, 2004. He holds the designation of VP – Sales – Middle East and looks after the marketing and sales of banking products and services in the Middle East and Africa.

Mr. Nitin Patel, 30 years, is a B.E.(Electronics). He has about 8 years of experience in designing desktop, client-server, Intranet and Internet based applications. He has experience of Microsoft based DNA architectures used for developing multi-tier enterprise application. During his career, he worked on all aspects of Software Development Life Cycle (SDLC). This is his first job and he is designated as Technical Architect in ASL. He has been with the Company since November 01, 1997.

Ms. Kashmira Bhayani, 38 years, is a Sun Certified Programmer and a CPA of USA. She has a total 11 years experience out of which 6 years is software experience (which is gained entirely at our Company) and the rest is accountancy-related experience. She possesses all the technical skills ranging from Visual Basic to Java and .net technologies. She is working with ASL since July 1998 (except from March 2003 to May 2004, during which time she took a sabbatical due to personal reasons). She is designated as Head – Software Delivery at ASL and is responsible for project planning, scheduling, monitoring, tracking of the banking services of our Company. She also looks after the resource implementation.

Ms. Pratibha Dongre, 29 years, is a B Com and holds a Diploma in Software Testing. She has a total experience of 6 years in software testing and quality assurance. In our company she is designated as Head – Quality Assurance and looks after Implementing Quality Management System in Organization and training all the Project Leaders in Quality Documentation. She is working with the Company since July 19, 1999.

Mrs. Angna Arora, 26 years, is an LLB and qualified Company Secretary. She has more than 2 years experience in corporate and general laws. Prior to joining ASL she was Company secretary of Krishna Sagar Builders Limited. She joined ASL on May 07, 2005 as a Company Secretary and Compliance Officer looking after the secretarial and legal matters of the company.

The persons whose names appear as key management personnel are on the rolls of the Company as permanent employees.

Shareholding of the Key Managerial Personnel

Name of the Key Managerial Personnel	No. of equity shares held
Mr. Kamaljit Rastogi	40,000
Mr. Dhananjay Jadhav	2,000
Mr. Suhas Patil	2,000
Mr. Dhiren Dedhia	2,000
Mr. Nitin Patel	2,000
Ms. Kashmira Bhayani	4,000
TOTAL	52,000

Bonus or Profit Sharing Plan for the Key Managerial Personnel:

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

Payment or Benefit to Officers of the issuer Company (non-salary related)

There is no amount or benefit paid or given within the two preceding years or intended to be paid or given to any officer of the Issuer Company and consideration for payment of giving of the benefit.

Changes in the Key Managerial Personnel:

Other than the following there has been no change in the key managerial personnel of the Company during the last one year:

Sr. No.	Name of the Key Managerial Person	Designation	Date of Appointment	Date of cessation	Reason
1.	Kamaljit Rastogi	Director, Asia Pacific, Banking Solutions	02-01-04	N.A.	Appointed
2.	Suhas Patil	Vice President (Sales - banking) - South Asia	01-04-04	N.A.	Appointed
3.	Dhiren Dedhia,	Vice.President (Sales), Middle East	01-04-2004	N.A.	Appointed
4.	Ravindra Pratap Singh	Head QC & I	25.08.2003	25.02.05	Resignation
5.	Kashmira Bhayani	Head Software Delivery	01-06-2004	N.A.	Appointed
6.	Nazaneen Vankadia	HR Head	03.06.2002	12.04.2004	Resignation
7.	Sumit Garg	Technical Architect	12.07.2004	28.12.2004	Resignation
8.	Hiten Shah	Technical – Head	01.07.2002	29.11.2004	Resignation
9.	Mukesh Shah	Senior Tech Archiect	29.12.2003	21.01.2005	Resignation
11.	Mrs. Angna Arora	Company Secretary	07.05.2005	N.A.	Appointed

Employees Stock Option Scheme:

There is no employees Stock Option Scheme as on date in the Company.

BOARD OF ADVISORS

The Company has a Board of Advisors comprising of technical, corporate and domain experts to advise it on a regular basis. It believes the association of these experts enables it to keep themselves abreast of the latest trends in the business and industry it is engaged in.

Its Board of Advisors comprises of the following people:

Dr. Mahendra Mehta, Technical Advisor

Dr. Mehta is a Doctorate in Electrical Engineering from IIT, Bombay. He has over 14 years of experience in treasury, risk management and analytics at Citibank. Prior to that, he was with the Defence Research & Development Organization (DRDO) for 14 years. He has an excellent understanding of concepts involved in pricing, valuation and risk management of all types of financial instruments including derivatives. With his strong mathematical background in financial theory, he has extensively worked in the areas of portfolio theory, various types of derivative pricing models, policies associated with risk management including Value at Risk (VaR) models for estimation of risk variables of portfolio and financial analysis. Dr. Mehta has been advising the company in development of products in the treasury and risk management areas.

Mr. Charles Zeynel, Corporate Advisor

Mr. Zeynel, after a 25-year career with Union Carbide Corporation (UCC), USA, joined Bulk Materials International, a leading suppliers of raw materials to the cement industry worldwide, as its Executive Vice President. Through his career, Mr. Zeynel's responsibilities ranged across sales, marketing, quality, mergers and venture creation activities worldwide. He held senior positions in UCC, Petromont, Optimal (a Petronas JV) and Dow Chemicals.

Mrs. Hema Muralidharan, Domain Advisor

Mrs. Muralidharan, has 20 years of experience in banking across various functions including retail banking, trade finance, cash management, forex back office, product policy and Public Issue. She was instrumental in helping cash management operations in ICICI Bank and Kotak Mahindra Bank. Hema is the catalyst for overall delivery in the Banking IT practice of the Company. Hema is a post-graduate diploma in banking from Mumbai University.

PROMOTERS:

DETAILS OF PROMOTERS BEING INDIVIDUALS:

Name: Mr. Sanjay Desai

Designation: Executive Chairman



Driving License no.	88/E/24244
Passport Number	F0226098
PAN Number	AACPD6528J
Voter ID	MT/07/050/072467
Address	31, Utsav, Podar Street, Above Savera Restaurant, Opp Asha Parekh Hospital, Santacruz West, Mumbai

Mr. Sanjay Desai, 42 years, is a Chartered Accountant and management graduate from Indian Institute of Management, Bangalore. He has 17 years of global banking and technology experience with reputed organizations such as Citibank and BFL Mphasis. He commands versatile experience across banking business development, product management, operations, quality assurance and systems. He frequently excelled under new business situations executed in the form of alliances and collaborations. Mr. Desai is part of the key management team of the Company and is leading the Banking Solutions group of the Company.

Name: Mr. Amit Sheth

Designation: Managing Director



Driving License no. MH-03/2002/24891
 Passport Number E1798030
 PAN Number AAJPS5740G
 Voter Id Not Available
 Address G-1, Shrilal Ashish Building, Plot No. 34,
 Garodia Nagar, Ghatkopar East, MUMBAI 400 077

Mr. Amit Sheth, 37 years, is a BE and MMS from NMIMS, Mumbai University. He has over 12 years of experience in corporate finance, equities and technology. Before co-founding our Company, Amit has worked with organizations such as Twentieth Century Finance and Lloyds Securities. Amit has a deep understanding of banking processes and operations and has a strong network of relationships in the banking sector in India. He has been the key driver of the cash management practice at the company. He has been part of the key management team and is looking after the overall operations of the Company.

Name: Mr. Bhavesh Talsania

Designation: Executive Director



Driving License no. 89/W/808/MUM
 Passport Number B1361041
 PAN Number AACPT1927B
 Voter Id MT/08/039/246220
 Address B-505, Alka Apartments, S. V. Road,
 Andheri West, MUMBAI 400 058

Mr. Bhavesh Talsania, 39 years, is a qualified Chartered Accountant. Prior to co-founding the Company, Bhavesh cofounded Consolidated Shares and Services, a data processing company acting as Registrar to public offerings. He brings over 15 years of experience in managing software delivery and data processing operations. Over the years he has been instrumental in building best of class delivery processes in the company. He is part of the key management team heading the IT Services SBU.

Name: Mr. Paresh Zaveri

Designation: Director



Driving License no. 33015
 Passport Number E1419759
 PAN Number Not Available
 Voter Id MT/07/050/001589
 Address 3, Shenton House, Shenton Way, SINGAPORE

Mr. Paresh Zaveri, 37 years, is a B.E. and M.M.S. from Mumbai University. He has over 12 years of experience in the areas of corporate finance, supply chain and general management. He has contributed significantly in building the company's services business in the logistics and supply chain domain in the Far East Asia region. He has also been instrumental in setting up financial control and planning systems in the company. Stationed in Singapore, Paresh continues to lead the business development initiatives in the Far Eastern markets.

It is confirmed that the details in respect of all the individual Promoters such as the Permanent Account Number, the Bank Account Numbers and the Passport Number have been submitted to the BSE and NSE, where the Equity Shares of our Company are proposed to be listed.

Aurionpro Solutions Limited

DETAILS OF PROMOTER BEING A COMPANY:

Aurionpro Services Private Limited

PAN Number AAECA3108J

Registration Number 138365 of 2002

Nature of Business Provision of high end consulting and BPO services

History:

Aurionpro Services Private Limited (ASPL) was incorporated vide Registration No. 138365 of 2002 with the Registrar of Companies, Maharashtra on December 23, 2002. ASPL, promoted by Mr Sanjay A Desai, whose Profile is appearing on Page no. 66 of this Prospectus under the heading "Details of Promoters being Individuals", is engaged in the business of providing high end consulting and BPO services driven by their business domain expertise in niche areas. Key managers of the Company bring in expertise in analytics, operations, risk management, audit and control (security, regulatory, self-assessment, QA) in managing in-house delivery as well as outsourced processes with multinational and private Indian banks. Aurionpro Solutions Limited, the technology company, provides systems support both for process automation and outsourcing bridging. The customers of ASPL include Centurion Bank, BankMuscat, American Express Bank, Mashreq Bank and the US based AgileSolv.

The authorized share capital of the company is Rs. 10.00 lacs comprising 200,000 Equity Shares of face value Rs.5 each and the paid up share capital is Rs. 5.77 lacs comprising 115,405 Equity Shares of Rs. 5 each. The current shareholding pattern in the company is as follows:

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	Mr. Sanjay A. Desai	30,111	26.09
2	Mrs. Arti S. Desai	7,672	6.65
3	Mr. Vishwanath Prabhu	37,783	32.74
4	Dr. Mahendra Mehta	10,556	9.15
5	Mr. Shrikant Krishan	7,495	6.49
6	Mrs Andrea Maya Viegas	3,392	2.94
7	Aurionpro Solutions Limited	18,396	15.94
	Total	1,15,405	100.00

The Board of Directors comprises of:

Sr No	Name	Designation
1.	Mr. Sanjay A. Desai	Director
2.	Dr. Mahendra Mehta	Director
3.	Mr. Bhavesh Talsania	Director

The brief financials are given below:

Rs in Lacs

Particulars	Fiscal 2003	Fiscal2004	Fiscal 2005
Total Income	0	31.23	45.94
Profit / (Loss) After Tax	(5.16)	(1.09)	1.21
Equity Share Capital	4.65	4.65	5.77
Net Worth (Rs)	4.79	3.70	73.00
NAV per share of FV Rs. 5/- each (Rs.)	5.15	3.98	63.25
EPS of FV Rs. 5/- each (Rs.)	(5.55)	(1.17)	1.05
Dividend (%)	Nil	Nil	Nil

Note: Financials for Fiscal 2005 are unaudited

It is confirmed that the details of Aurionpro Services Private Limited such as the Permanent Account Number, the Bank Account Numbers, the Company Registration Number and the address of the Registrar of Companies where the company is registered have been submitted to the BSE and NSE, where the Equity Shares of our Company are proposed to be listed.

Group/Associate Company:

FUSION B SERVICES (INDIA) PRIVATE LIMITED:

Fusion B Services (India) Private Limited was incorporated as a private limited company on March 22, 2002 vide Registration No. U 74999 MH 2002 PTC 135264 with the Registrar of Companies, Maharashtra, Mumbai.

BOARD OF DIRECTORS

Sr No	Name	Designation
1.	Mr. Sanjay A. Desai	Director
2.	Ms. Arti S. Desai	Director

The authorized and paid-up share capital of Fusion B Service (India) Private Limited is Rs. 15.00 lacs comprising 1,50,000 Equity Shares of face value Rs.10 each.

The current shareholding pattern in the company is as follows:

Sr No	Names of shareholders	No of equity shares	% of holding
1	Mr. Sanjay A. Desai Jtly with Ms.Arti S. Desai	45,000	30.00%
2	Mrs. Arti S. Desai Jtly with Mr. Sanjay A. Desai	5,000	3.34%
3	Mr. Vishwanath Prabhu Jtly Mrs. Gargi Prabhu	50,000	33.33%
4	Mr Douglas Pattie	50,000	33.33%
	Total	1,50,000	100.00%

Fusion B Services (India) Private Limited does not fall under the definition of "sick company" within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

The company has applied on July 30, 2005 for strike-off under Simplified Exit Scheme promulgated by Department of Company Affairs.

Statement in terms of Clause 6.10.3.5 of DIP Guidelines

There have been no sales or purchases between companies in the promoter group, which exceed in value in the aggregate 10% of the total sales or purchases of the issuer company. However Material items of income or expenditure arising out of transactions with Aurionpro Services Private Limited that falls in promoter group are as follows:

(Rs. In lakhs)

Particulars	31.03.2004	31.03.2005
Reimbursement of expenses to related parties	4.14	13.60
Rent Paid	5.28	5.28
Software services received	–	15.02

Litigations

There are no pending litigations instituted by or against Fusion B Service (India) Private Limited.

None of the Group/Associate of Promoting Company mentioned herein above have become a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding-up.

COMMON PURSUITS:

There is no other company in the Group, which is engaged in the same business as that of Aurionpro.

RELATIONSHIP BETWEEN THE PROMOTERS, DIRECTORS AND KEY MANAGERIAL PERSONNEL

None of the Directors are related to each other. There is no relation between any promoter, Director or the Key Managerial Personnel of the company, except Mr. Sanjay Desai who is also a Promoter and Director of the Promoter Company, M/s. Aurionpro Services Private Limited.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Except as stated on Page no. 78 of Prospectus under Heading 'Related Party Transactions', neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company.

None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Prospectus or proposed to be acquired by it.

No director or Promoter of the Company is a member of any firm. Though a director or promoter has an interest as being a member of other company, the said company has no interest in Aurionpro. There are no sums paid or an agreement to pay any sum to the Director or Promoter or to Company in cash or shares or otherwise by any person either to induce him to become or to qualify him as a Director or otherwise for services rendered by him or by the Company, in connection with the promotion or formation of our company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors appearing on page 59 of this Prospectus, there are no payment or benefit to promoters of the Company.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS:

The details of related party transactions please refer to Section V 'Financial Statement' .

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The dividend record of the Company for the previous 5 years is as follows:

Year/ Period ended	2001	2002	2003	2004	2005
Dividend Rate (%)	10%	10%	15%	15%	5%
Dividend Amount (<i>Rs in Lacs</i>)	2.07	2.09	3.14	4.79	7.43
Dividend Tax (<i>Rs in Lacs</i>)	0.21	–	0.40	0.60	1.04
Share Capital (Rs in lacs)	20.70	20.91	31.52	33.02	777.57
No. of Equity Shares (Rs. 10 each)	2,07,000	2,09,100	3,15,200	33,02,000	77,75,732

SECTION V: FINANCIAL STATEMENTS
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Financial Information

We the Book Running Lead Manager to the Offer, confirm that all notes to the accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

AUDITORS' REPORT

To,
The Board of Directors,
Aurionpro Solutions Limited,
1D, Dhiraj Pen Compound,
58/59, Andheri-Kurla Road,
Andheri East,
Mumbai 400 059

Dear Sirs,

We have examined the financial information of Aurionpro Solutions Limited ('the Company') described below in A and B and annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 (as amended vide Circular No. 11 on August 14, 2003 and Circular no. SEBI/CFD/DIL/DIP/13/2004/28/5 dated May 28, 2004) ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial Information As Per Audited Financial Statements:

We have examined the attached summary statement of profits and losses as restated to reflect the retrospective effect of the accounting policies adopted by the Company for the years ended March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and 31st March, 2005 (Annexure I), the attached summary statement of assets and liabilities as at those year end dates as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at March 31, 2005 (Annexure II), and the related financial statement schedules as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at March 31, 2005 (Annexure III) together referred to as the 'Summary Statements'.

Our examination consisted of:

- i. Comparing the information in the 'Summary Statements', for the years ended March 31, 2001, 2002, 2003, 2004 audited solely by D. Kothary & Co. and year ended March 31, 2005 jointly audited by us.
- ii. Auditing the adjustments made to aforesaid financial information to arrive at the restated amounts in the 'Summary Statements'.

The aforesaid financial statements have been adopted by the Board of Directors and the Members for those respective years.

Based on our examination of these Summary Statements, we state that:

- The restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the respective years.
- The Summary Statements of the Company have been restated with retrospective effect (wherever possible) to reflect the accounting policies adopted by the Company as at March 31, 2005. These and other adjustments are explained in Annexure IV.
- There are no qualifications in the auditors' reports that require any adjustment to the Summary Statements.
- There are no extra-ordinary items that need to be disclosed separately in the Summary Statements.

B. Other financial Information

We have examined the following financial information relating to the Company proposed to be included in the Prospectus, approved by the Board of Directors and annexed to this report:

- i. Summary of accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth (Annexure V).

- ii. Tax Shelter statement (Annexure VI).
- iii. Capitalisation statement of the Company (Annexure VII).

The financial information contained in this report, have been extracted from the audited accounts for the years ended March 31, 2001, 2002, 2003, 2004 and 2005.

In our opinion, the financial information of the Company attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies and notes as annexed to this report and after making adjustments and re-groupings as considered appropriate; has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Chaturvedi & Shah
Chartered Accountants

Sd/-

C.D.Lala
Partner
Membership No: 35671

Place: Mumbai

Date : 30th May, 2005

For D. Kothary & Co.,
Chartered Accountants

Sd/-

Vipul Chauhan
Partner
Membership No: 47846

Place: Mumbai

Date: 30th May, 2005

INDEX OF FINANCIAL INFORMATION

- Annexure I : A. Summary Statement of Profits and Losses as restated.
B. Profit and Loss Account as at April 1, 2000 as restated.
- Annexure II : Summary of Statement of Assets and Liabilities as restated.
- Annexure III : Financial Statement Schedules :
 - A. Schedule of Loans
 - B. Statement of Restated Cash flow
 - C. Details of Rates of Dividend
 - D. Details of Other Income
 - E. Schedule of Related Party Transactions
- Annexure IV : Significant Accounting policies and Notes on restated Financial Statements.
- Annexure V : Summary of accounting ratios
- Annexure VI : Tax Shelter statement
- Annexure VII : Capitalisation statement of the Company

Annexure – I A

Summary statement of Profits & Losses as restated :

(Rs. in 000)

Particulars	2001	2002	2003	2004	2005
Income					
Software services & products	20,381	19,031	32,385	45,496	86,073
Other Income	89	150	143	2	122
Increase / (Decrease) in Stock	2,796	1,061	377	(726)	3,603
Total Income	23,266	20,242	32,905	44,772	89,798
Expenditure					
Software Development and other expenses	19,639	16,882	25,822	35,312	57,304
Interest	67	123	939	1,736	1,257
Depreciation & Amortization	723	1,097	1,412	1,661	4,607
Total Expenditure	20,429	18,102	28,173	38,709	63,168
Profit Before Tax	2,837	2,140	4,732	6,063	26,630
Provision for Tax					
Current Tax	239	358	1,293	700	2,500
Deferred Tax	-	-	35	392	293
Profit After Taxation as per audited accounts (A)	2,598	1,782	3,404	4,971	23,837
Adjustment on account of changes in accounting policies					
Capitalization of software purchased (Refer Note No 1 (a) in Annexure IV)	3,000	-	-	-	-
Depreciation on Capitalised Software (Refer Note No 1 (a) in Annexure IV)	(43)	(600)	(600)	(600)	(600)
Preliminary Expenses (Refer Note No 1 (b) in Annexure IV)	1	1	(39)	10	33
Provision for Gratuity (Refer Note No 1 (c) in Annexure IV)	(72)	(119)	(156)	122	294
Deferred Tax (Refer Note No 1 (d) in Annexure IV)	(1,424)	66	496	546	(772)
Adjustment on account of Prior period Items (Refer Note No 2 in Annexure IV)	-	-	-	(55)	55
Total Adjustments	1,462	(652)	(299)	23	(990)
Tax impact of adjustments (Refer Note No 3 in Annexure IV)	-	(14)	(132)	(170)	(302)
Total of Adjustments after tax impact (B)	1,462	(638)	(167)	193	(688)
Net Profit /(Loss) , as restated (A+B)	4,060	1,144	3,237	5,164	23,149
Profit & Loss Account at the beginning of the period	1,416	5,173	6,033	8,660	12,928
Profit/(Loss) available for appropriation as restated	5,476	6,317	9,270	13,823	36,077
Prior period as per audited accounts	-	-	-	-	55
Excess provision for Tax written back	-	-	-	(20)	(6)
Dividend	207	209	314	479	743
Income tax on Dividend	21	-	40	61	104
Transferred to General Reserve	75	75	256	375	375
Transferred to share capital on allotment of bonus	-	-	-	-	10,818
BALANCE CARRIED FORWARD AS RESTATED	5,173	6,033	8,660	12,928	23,988

ANNEXURE I B- PROFIT & LOSS ACCOUNT AS AT APRIL 1, 2000**(RS. In 000)**

Profit and Loss Account Balance as at April 1, 2000 as per Audited Financial Statements	1862
Preliminary Expenses (Refer Note No.1(b) in Annexure IV)	-6
Provision for Gratuity (Refer Note No.1(c) in Annexure IV)	-69
Deferred Tax (Refer Note No.1(d) in Annexure IV)	-372 -447
Profit and Loss Account Balance as at April 1, 2000 as restated	1415

Annexure – II**Summary statement of Assets and Liabilities as restated :****(Rs. in 000)**

Particulars	As at March 31				
	2001	2002	2003	2004	2005
ASSETS					
A FIXED ASSETS					
Gross Fixed Assets	10,740	11,118	12,438	18,520	48,855
Less: Accumulated Depreciation	1,035	2,731	4,732	6,983	12,157
Net Fixed Assets	9,705	8,387	7,706	11,537	36,698
Capital work in progress	-	-	-	5,100	-
	9,705	8,387	7,706	16,637	36,698
B INVESTMENTS	3,500	3,702	3,702	4,342	26,657
C CURRENT ASSETS, LOANS & ADVANCES					
Inventories	2,796	3,857	4,234	3,507	7,110
Sundry Debtors	3,954	7,601	15,047	30,695	33,886
Cash & Bank Balances	224	765	712	996	14,090
Loans & Advances	3,415	4,672	4,699	7,250	6,304
	10,389	15,865	24,692	42,448	61,390
D LIABILITIES AND PROVISIONS					
Secured Loans	361	201	7,589	11,812	-
Unsecured Loans	2,842	4,291	1,216	1,068	328
Deferred Tax Liability	1,795	1,729	1,268	1,083	2,149
Share Application Money	-	-	-	12,142	-
Current Liabilities	3,997	5,781	4,307	6,663	11,547
Provisions	906	1,141	1,961	2,924	5,162
	9,901	13,143	16,341	35,692	19,186
E NET ASSETS (C - D)	488	2,722	8,351	6,756	42,204
F NET WORTH (A + B + E)	13,693	15,841	19,759	27,735	105,559
Represented by					
Share Capital	2,070	2,091	3,152	3,302	77,757
Reserves & Surplus	11,623	13,750	16,607	24,433	27,802
G NET WORTH	13,693	15,841	19,759	27,735	105,559

ANNEXURE III A**SCHEDULE OF SECURED AND UNSECURED LOANS****SECURED LOANS**

(Rs. in 000)

As At	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
ABN Amro Bank	361	201	32	-	-
Bank of India	-	-	7,557	11,812	-
Total	361	201	7,589	11,812	-

- 1) Loan from ABN Amro Bank, disbursed on 31.05.2000, was secured by hypothecation of motor car.
The rate of interest was 8.16% on annualised rate.
- 2) Working capital loan from Bank of India is secured by hypothecation of book debts, work in progress and fixed assets of the company i.e. computers and peripherals. It is further secured by pledge of equity shares of Megavisa marketing Solutions Limited, Equitable mortgage of residential flat of director, fixed deposits of directors and personal guarantee of promoters directors. The current rate of interest is 13.60%.

UNSECURED LOANS

(Rs. in 000)

As At	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
From Promoters/Shareholders	2,842	3,908	945	502	-
From Banks	-	383	271	566	328
Total	2,842	4,291	1,216	1,068	328

- 1) The unsecured loans from Promoters / Shareholders and Others are interest free. There is no fixed repayment schedule of the same.
- 2) The unsecured loans from banks has been obtained on 30.07.2003 with a repayment schedule of 36 monthly instalments. The rate of interest is 20% p.a. on reducing balance.

ANNEXURE III B STATEMENT OF RESTATED CASH FLOWS

(Rs. In 000)

	April 2000 to March 2001	April 2001 to March 2002	April 2002 to March 2003	April 2003 to March 2004	April 2004 to March 2005
A. Cash Flow from Operating Activities					
Net Profit / (Loss) before tax	5,723	1,422	3,937	5,541	26,411
Adjustment for :					
Depreciation & Amortization	766	1,697	2,001	2,251	5,174
Provision for Gratuity	72	204	156	(122)	146
Interest Expenses	67	123	939	1,736	1,257
Prior period adjustment					(55)
Operating profit before working capital changes	6,628	3,446	7,033	9,406	32,933
Change in Inventories	(2,796)	(1,061)	(377)	727	(3,603)
Change in Sundry Debtors	1,080	(3,647)	(7,446)	(15,648)	(3,191)
Change in Loans & Advances	(1,771)	(973)	126	(1,321)	926
Change in Current Liabilities and Provision	3,507	1,575	(1,591)	2,725	4,829

	April 2000 to March 2001	April 2001 to March 2002	April 2002 to March 2003	April 2003 to March 2004	April 2004 to March 2005
Cash generated from operations	6,648	(660)	(2,255)	(4,111)	31,894
Gratuity Paid	(78)	(85)	-	-	-
Income tax (paid)/ refunded	(374)	(284)	(690)	(1,241)	(332)
Dividend tax paid	(21)	(21)	-	(40)	(61)
Net cash from operating activities	A 6,175	(1,050)	(2,945)	(5,392)	31,501
B Cash Flow from Investing Activities					
Capital Expenditure	(8,144)	(378)	(1,320)	(11,182)	(25,235)
Purchase of Investments	(3,500)	(202)	-	(640)	(22,315)
Net cash from investing activities	B (11,644)	(580)	(1,320)	(11,822)	(47,550)
C. Cash Flows from Financing Activities					
Exchange fluctuation on capital account	-	192	(26)	-	-
Share Application money received	-	-	-	12,142	-
Increase in Capital	2,000	1,021	1,061	3,330	43,431
Increase (Decrease) in Term Loans	3,203	1,289	4,313	4,075	(12,552)
Interest Paid	(67)	(123)	(939)	(1,736)	(1,257)
Dividend paid	(91)	(207)	(197)	(314)	(479)
Net cash used from financing activities	C 5,045	2,172	4,212	17,497	29,143
Net change in cash (A+B+C)	(424)	542	(53)	283	13,094
Cash and cash equivalents at beginning of year	648	224	766	713	996
Cash and cash equivalents at end of year	224	766	713	996	14,090

ANNEXURE III C**DETAILS OF RATES OF DIVIDEND**

Class of Shares	Face Value	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
Equity Shares	Rs.10					
- Final		10%	10%	15%	15%	5%

ANNEXURE III D**DETAILS OF OTHER INCOME****(Rs. in 000)**

Particulars	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
Non-Operating Income	89	150	143	2	122

Note : The other income does not exceed 20% of the Net Profit (before tax) of the respective year.

ANNEXURE III E**RELATED PARTY TRANSACTIONS****A. Name of the related parties****1. Key Managerial Personnel :**

- a) Paresh C. Zaveri
- b) Bhavesh R. Talsania
- c) Amit R Sheth
- d) Sanjay A Desai

2. Subsidiaries

- a) Aurionpro Solutions Pte Ltd., Singapore (from April 2003 onwards)
- b) AgileSolutions LLC, USA. (from September 2004 onwards)

3. Other related parties

- a) Promoter Company : Aurionpro Services Pvt. Ltd. (from April 2003 onwards)

B. Transactions with related parties :**(Rs. in 000)**

Particulars	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005
Key Managerial Personnel					
Remuneration	481	636	636	1,667	1,770
Dividend	82	174	165	252	162
Allotment of Bonus shares (Number of shares)	-	-	-	-	3,928,989
Subsidiaries					
Software services rendered	-	-	-	21,748	23,988
Reimbursement of expenses to related parties	-	-	-	-	252
Investments in related parties @Rs.92	-	-	-	@	22,315
Balance at year end	-	-	-	16,870	6,347
Working capital loan from related party	-	-	-	2,352	2,290
Other Related Parties					
Reimbursement of expenses to related parties	-	-	-	414	1,360
Rent Paid	-	-	-	528	528
Software services received	-	-	-	-	1,502
Dividend Paid	-	-	-	156	156
Investment by Related Parties	-	-	-	-	2,773
Allotment of Bonus shares (Number of shares)	-	-	-	-	1,643,199
Receivable at year end	-	-	-	642	2,509

ANNEXURE IV: NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS.

(1) NOTES ON ADJUSTMENTS

1. Changes in accounting policies

a. Depreciation

Until the year ended March 31, 2003 , the expense incurred on software was treated as revenue expenditure.

In line with the Accounting Standard 26 on Intangible assets issued by the "Institute of Chartered Accountants of India", the company has capitalized the software which results in future economic benefits and has amortised it over a period of 5 years on straight line method.

Accordingly , the fixed assets have been restated and depreciation has been recomputed for the years ended March 31, 2001, March 31, 2002, March 31,2003 March , 31,2004 and March 31 , 2005.

b. Preliminary Expenses Amortisation

Until the year ended March 31, 2004 , the preliminary expenses were amortised over a period of 5 years.

In line with the Accounting Standard 26 on Intangible assets issued by the "Institute of Chartered Accountants of India", the company has charged off the preliminary expenses when the same are incurred . Accordingly , the expenses incurred in various years have been charged off in the respective years in the restated accounts.

c. Gratuity

Until the year ended March 31, 2002, the Company made contribution for three years aggregating to Rs.224 thousands, to gratuity plan managed by Life Insurance Corporation of India (LIC). Liabilities with regard to gratuity plan were determined on actuarial valuation. No Contributions were made/provided for by the Company for the financial year 2002-03 onwards.

In the absence of confirmation from LIC, with regard to the continuity / validity of the Gratuity Plan, the Company during the year has made provision for gratuity as per the payment of Gratuity Act, on the assumption that all the employees retired at the year end. Accordingly , the provision for gratuity have been restated after recomputing the gratuity liability for the years ended March 31,2001 , March 31,2002 , March 31,2003 and March 31,2004. Further , reserves as at April 1, 2000 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

d. Deferred Tax

The Company adopted Accounting Standard 22, "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31, 2003. Accordingly, for the purpose of this statement, the deferred tax asset/liability has been recognized in the respective years of origination, considering the adjustment on account of change in accounting policy and other changes with the corresponding effect to the statement of profits, as restated.

2. Prior Period Adjustments

In the financial statements for the year ended March 31,2005 , the company had recognized / charged off certain amount of expense as prior period . For the purpose of this statement, the said expenses have been appropriately adjusted in the years that it relates to.

3. Current Tax Impact of Adjustments

Current tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rate applicable in the respective years.

Significant Accounting Policies

1. Method of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting practices in India (GAAP).

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

3. Revenue Recognition

Revenue from software development and consulting services is recognized either on time and material basis or fixed price basis, as the case may be. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method.

Revenue from sale of licenses of software products and other products is recognized on delivery/ installation, as the case maybe. Maintenance revenue in respect of software products is recognized over the period of the underlying maintenance agreement.

4. Fixed Assets

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Intangible: Costs that are directly associated with identifiable and unique software products controlled by the Company, whether developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products.

5. Depreciation / Amortization:

Software Products are amortized over a period of five years on straight-line basis. Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956. Subsequent upgrades of hardware are entirely charged off to revenue in the year of purchase.

6. Investments

Current Investments are carried at lower of cost and fair value. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is made, if such decline is other than temporary in the opinion of the management.

7. Accounting for Taxes on Income

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income - tax Act, 1961.

Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future.

8. Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss are recognized in the Profit & Loss Account, except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets. Overseas investments are recorded at the rate of exchange in force on the date of allotment/ acquisition.

9. Accounting of Employee Benefits

The Company makes contribution to Provident Fund and the same is charged to Profit and Loss account. Provision for gratuity is made as per payment of Gratuity Act, on the assumption that all the employees retire at the year-end and charged to Profit and Loss account.

10. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

11. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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 revenue.

ANNEXURE V**Summary of Accounting Ratio**

	2000-01	2001-02	2002-03	2003-04	2004-05
Basic Earning per share (Rs.)	0.56	0.16	0.45	0.70	3.05
Return on Net worth (%)	29.65	7.22	16.38	18.62	21.93
Net Asset Value (Rs.)	1.89	2.18	2.72	3.76	13.90
Weighted Average Number of Equity Shares	7260399	7261826	7264435	7372955	7596363

Notes:-

1) The ratios have been computed as per the following formulae:

$$\text{Basic Earning per share (Rs.)} = \frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total No.of Equity shares outstanding during the year / period}^*}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit after Tax}}{\text{Net worth excluding Revaluation reserve at the end of the year / period}}$$

$$\text{Net Asset Value per Equity share (Rs.)} = \frac{\text{Net worth excluding Revaluation reserve}}{\text{Total No.of Equity shares outstanding during the year / period}^*}$$

- 2) Net Profit, as restated and appearing in the statement of Profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.
- 3) Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earning per share" issued by the Institute of Chartered Accountants of India.

* Bonus Shares issued during the year 2004-2005 have been considered as equity share outstanding at the year ended for all prior years.

ANNEXURE VI**STATEMENT OF TAX SHELTERS**

(Rs.in 000)

	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
Tax Rate (including surcharge)	39.55%	35.70%	36.75%	35.88%	36.59%
Net profit/(loss) before tax as restated	5,723	1,422	3,937	5,540	26,412
Tax at notional rates (A)	2,263	508	1,447	1,988	9,664
Book Depreciation	766	1,696	2,001	2,250	5,174
Tax Depreciation	2,841	1,519	1,496	2,744	16,933
Difference between tax and book depreciation (B)	(2,075)	177	505	(494)	(11,759)
Benefit under section 10B (C)	(130)	(675)	(1,388)	(3,436)	(9,285)
Other Adjustments (D)	(2,914)	39	106	(132)	638
Net Adjustments (B+C+D)	(5,119)	(459)	(777)	(4,062)	(20,406)
Tax Savings thereon (E)	(2,025)	(164)	(286)	(1,457)	(7,467)
Tax Liability (A-E)	239	344	1,161	530	2,198
Taxable Incoe as per Incoe Tax Return	604	963	3,292	1,842	61
Tax as per Income Tax Return	239	343	1,214	661	2,231
Tax on restated profits	239	344	1,161	530	2,198
Tax provision made in the books	239	358	1,293	700	2,500
Current tax impact of adjustments.	(0)	(14)	(132)	(170)	(302)

ANNEXURE VII

CAPITALISATION STATEMENT AS AT MARCH 31, 2005

(Rs. in 000)

Particulars	Pre Issue	Post Issue*
	As on 31st March 2005	
Short Term Debt	Nil	
Long Term Debt	328	
Total Debt	328	
Shareholder's Funds		
Share Capital	77,757	
Reserves	27,802	
Total Shareholder's Fund	105,559	
Long Term Debt / Shareholders Funds	0.0031	

* Share Capital and Reserves, Post-Issue can be ascertained only after the conclusion of the book building process.

Notes:-

- 1) Long term Debt represents Loan from banks
- 2) Long term Debt includes current portion of the long term debt payable under the next 12 months
- 3) Long term Debt / Equity ratio has been calculated as per the following formula

$$= \frac{\text{Long term Debt}}{\text{Share holders fund}}$$

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, (INCLUDING SUBSIDIARIES) FOR THE YEARS ENDED MARCH 31, 2004 and 2005.

AUDITORS' REPORT

To,
The Board of Directors,
Aurionpro Solutions Limited,
1D, Dhiraj pen Compound,
58/59, Andheri-Kurla Road,
Andheri (East),
Mumbai – 400 057.

Dear Sirs,

We have examined the Consolidated Financial Information of M/s Aurionpro Solutions Limited ("the Company") and its two subsidiaries (collectively described as "the group"), as attached to this report and initialed by us for identification.

The said consolidated financial information has been prepared in accordance with the requirements of Part II of Schedule II of the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 (as amended vide Circular No. 11 on August 14, 2003) ("the guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications; and in accordance with the letter dated 3rd May, 2005, received from the company in connection with its Initial Public Offering of Equity Shares (referred to as "the issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Summary Statements:

We have examined the attached Consolidated Summary Statements of Assets and Liabilities as restated of the Company as at March 31, 2004 and March 31, 2005 (Annexure II) and the attached Consolidated Summary Statements of Profits & Losses as restated for the years ended March 31, 2004 and March 31, 2005 (Annexure I), together referred to as "summary statements".

These summary statements have been extracted from the financial statements of the Company for the year ended March 31, 2005 audited by us and for the year ended March 31, 2004 solely audited by M/s. D. Kothary & Co. and have been adopted by the Board of Directors / Members for those respective years.

We have considered the relevant accounts in respect of Aurionpro Solutions Pte Limited, a wholly owned subsidiary of the Company for the financial year ended March 31, 2005 and 2004 which have been approved by it's Board of Directors and audited by other firm of auditors. The accounts of the Aurionpro Solutions Pte Limited have been consolidated from April 1, 2003, being the date from which the Company acquired ownership interest.

We have considered the relevant accounts in respect of Agile Solutions, LLC, a wholly owned subsidiary of the Company for the financial year ended March 31, 2005 which are unaudited and have been approved by it's Board of Members. The accounts of the Agile Solutions, LLC have been consolidated from September 1, 2004, being the date from which the Company acquired ownership interest

Based on our examination of these summary statements, we state that:

- a) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the years to which they relate.
- b) The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies and significant notes being adopted by the Company as at March 31, 2005, as stated vide Annexure IV to this report.
- c) There are no qualifications in the auditors' report that require any adjustment to the summary statements.
- d) There are no extra ordinary items that need to be disclosed separately in the summary statements.

B. Other Financial Information:

We have examined the following financial information relating to the group proposed to be included in the Prospectus, as approved by the Board of Directors and annexed to this report:

- i. Statement of restated consolidated Cash flow as stated in Annexure IV to this report.

Aurionpro Solutions Limited

- ii. Summary of accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as stated vide Annexure V to this report.
- iii. Details of Dividend declared for the year ended March 31, 2005 and 2004 as given in Annexure VI to this report..
- iv. Details of Loan as at March31, 2005, as stated vide Annexure —VII to this report.
- v. Capitalisation statement of the Company as at March 31, 2005 as stated vide Annexure VIII to this report.
- vi. Statement of Tax Shelter given in Annexure IX
- vii. Details of related party disclosure vide Annexure X to this report.

We confirm that the subsidiaries have not paid any dividend on equity shares or otherwise for any financial year since its becoming subsidiaries of the Company.

In our opinion the financial information of the Company, attached to this report as mentioned in Paragraphs A and B above, read with respective significant accounting policies and significant notes as stated in Annexure III to this report, and after making adjustments and re-grouping as considered appropriate; has been prepared in accordance with part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Offering Memorandum in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Chaturvedi & Shah
Chartered Accountants

Sd/-

C.D.Lala
Partner
Membership No: 35671

Place: Mumbai

Date : 30th May , 2005

For D. Kothary & Co.,
Chartered Accountants

Sd/-

Vipul Chauhan
Partner
Membership No: 47846

Place: Mumbai

Date: 30th May , 2005

INDEX OF FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS

Annexure IA	:	Statement of Consolidated Summary of Profits and Losses, as restated.
Annexure IB	:	Consolidated Profit and Loss balance as at 1 st April,2003, as restated
Annexure II	:	Statement of Consolidated Summary of Assets and Liabilities, as restated.
Annexure III	:	Significant Accounting Policies and Notes to Consolidated Statements of Profits & Losses and Assets & Liabilities, as restated.
Annexure IV	:	Statement of Consolidated Cash flow, as restated.
Annexure V	:	Accounting Ratios based on consolidated statement of Profits & Losses and Assets & Liabilities
Annexure VI	:	Details of Rate of Dividend declared.
Annexure VII	:	Details of Loans based on Consolidated statement of Assets & Liabilities
Annexure VIII	:	Capitalisation Statement based on Consolidated Statement of Assets & Liabilities
Annexure IX	:	Statement of Tax Shelter.
Annexure X	:	Related Party Transactions

Annexure – I A

Summary statement of Consolidated Profits & Losses as restated :

(Rs. in 000)

Particulars	2,004	2,005
Income		
Software services & products	48,138	100,960
Other Income	7	122
Increase / (Decrease) in Stock	(726)	3,603
Total Income	47,419	104,685
Expenditure		
Software Development and other expenses	37,677	68,118
Interest	1,767	1,257
Depreciation & Amortization	1,661	4,634
Total Expenditure	41,105	74,010
Profit Before Tax	6,314	30,676
Provision for Tax		
Current Tax	713	2,619
Deferred Tax	392	293
Profit After Taxation as per audited accounts (A)	5,209	27,764
Adjustment on account of changes in accounting policies		
Capitalization of software purchased (Refer Note No 1 (a) Part B in Annexure III)	-	-
Depreciation on Capitalised Software (Refer Note No 1 (a) Part A in Annexure III)	(600)	(600)
Preliminary Expenses (Refer Note No 1 (b) Part A in Annexure III)	10	33
Provision for Gratuity (Refer Note No 1 (c) Part A in Annexure III)	122	294
Deferred Tax (Refer Note No 1 (d) Part A in Annexure III)	546	(772)
Adjustment on account of Prior period Items (Refer Note No 2 Part A in Annexure III)	(55)	55
Total Adjustments	23	(990)
Tax impact of adjustments (Refer Note No 3 Part A in Annexure III)	170	302
Total of Adjustments after tax impact (B)	193	(688)
Net Profit /(Loss) , as restated (A+B)	5,402	27,075
Profit & Loss Account at the beginning of the Period	8,660	13,166
Profit/(Loss) available for appropriation as restated	14,061	40,242
Prior period as per audited accounts	-	55
Excess provision for Tax written back	(20)	(6)
Dividend	479	743
Income tax on Dividend	61	104
Transferred to General Reserve	375	375
Transferred to share capital on allotment of bonus	-	10,818
BALANCE CARRIED FORWARD AS RESTATED	13,166	28,153

ANNEXURE I B- CONSOLIDATED RESTATED PROFIT & LOSS ACCOUNT AS AT APRIL 1, 2003**(RS. In 000)**

Profit and Loss Account Balance as at April 1, 2003 as per Consolidated Financial Statements		8450
Capitalization of software purchased (Refer Note No 1 (a) Part A in Annexure III)	3000	
Depreciation on Capitalised Software (Refer Note No 1 (a) Part A in Annexure III)	-1243	
Preliminary Expenses (Refer Note No.1(b) Part A in Annexure III)	-43	
Provision for Gratuity (Refer Note No.1(c) Part A in Annexure III)	-416	
Deferred Tax (Refer Note No.1(d) Part A in Annexure III)	-1234	
Tax impact of adjustments (Refer Note No 3 Part A in Annexure III)	146	210
Consolidated Profit and Loss Account Balance as at April 1, 2003 as restated		8660

Annexure – II**Summary statement of Consolidated Assets and Liabilities as restated:*****(Rs. in 000)**

Particulars	As at March 31	
	2004	2005
ASSETS		
A FIXED ASSETS		
Goodwill	-	8,799
Gross Fixed Assets	18,520	48,992
Less: Accumulated Depreciation	6,983	12,184
Net Fixed Assets	11,537	36,807
Capital work in progress	5,100	-
	16,637	45,606
B INVESTMENTS	4,342	4,342
C CURRENT ASSETS, LOANS & ADVANCES		
Inventories	3,507	7,110
Sundry Debtors	31,348	51,703
Cash & Bank Balances	1,872	14,546
Loans & Advances	6,454	6,459
	43,181	79,819
D LIABILITIES AND PROVISIONS		
Secured Loans	11,812	-
Unsecured Loans	1,068	328
Deferred Tax Liability	1,083	2,149
Share Application Money	12,142	-
Current Liabilities	7,087	12,263
Provisions	2,945	5,304
	36,138	20,043
E NET ASSETS (C - D)	7,043	59,776
F NET WORTH (A + B + E)	28,022	109,724
Represented by		
Share Capital	3,302	77,757
Reserves & Surplus	24,720	31,967
G NET WORTH	28,022	109,724

ANNEXURE : III

Significant Accounting Policies and Notes to Consolidated Statements of Profits & Losses and Assets & Liabilities, as restated.

A. Notes On Adjustments to Restated Consolidated Balance Sheet and Profit and Loss Account.

1. Changes in accounting policies

a. Depreciation

Until the year ended March 31, 2003, the expense incurred on software was treated as revenue expenditure.

In line with the Accounting Standard 26 on Intangible assets issued by the "Institute of Chartered Accountants of India", the company has capitalized the software which results in future economic benefits and has amortised it over a period of 5 years on straight line method.

Accordingly, the fixed assets have been restated and depreciation has been recomputed for the years ended March 31, 2001, March 31, 2002, March 31,2003 March, 31,2004 and March 31, 2005. The reserves as at April 1, 2003 have been appropriately adjusted to reflect the impact of change pertaining to prior years

b. Preliminary Expenses Amortisation

Until the year ended March 31, 2004, the preliminary expenses were amortised over a period of 5 years.

In line with the Accounting Standard 26 on Intangible assets issued by the "Institute of Chartered Accountants of India", the company has charged off the preliminary expenses when the same are incurred . Accordingly , the expenses incurred in various years have been charged off in the respective years in the restated accounts.

e. Gratuity

Until the year ended March 31, 2002, the Company made contribution for three years aggregating to Rs.224 thousands, to gratuity plan managed by Life Insurance Corporation of India (LIC). Liabilities with regard to gratuity plan were determined on actuarial valuation. No Contributions were made/provided for by the Company for the financial year 2002-03 onwards.

In the absence of confirmation from LIC, with regard to the continuity / validity of the Gratuity Plan, the Company during the year has made provision for gratuity as per the payment of Gratuity Act, on the assumption that all the employees retired at the year end. Accordingly , the provision for gratuity have been restated after recomputing the gratuity liability for the years ended March 31,2001 , March 31,2002 , March 31,2003 and March 31,2004. Further , reserves as at April 1, 2003 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

f. Deferred Tax

The Company adopted Accounting Standard 22, "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31, 2003. Accordingly, for the purpose of this statement, the deferred tax asset/liability has been recognized in the respective years of origination, considering the adjustment on account of change in accounting policy and other changes with the corresponding effect to the statement of profits, as restated. Accordingly, reserves as at April 1, 2003 have been appropriately adjusted to reflect the impact of change pertaining to prior years

2. Prior Period Adjustments

In the financial statements for the year ended March 31,2005, the company had recognized / charged off certain amount of expense as prior period. For the purpose of this statement, the said expenses have been appropriately adjusted in the years that it relates to.

3. Current Tax Impact of Adjustments

Current tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rate applicable in the respective years. Impacts of change pertaining to prior years have been appropriately adjusted to reserves as at April 1, 2003.

B. Significant Accounting Policies to the Restated Consolidated Balance Sheet and Profit and Loss Account

1. Principles of Consolidation

The consolidated financial statements relate to Aurion Pro Solutions Limited (“the Company”) and its two subsidiary companies. The consolidated financial statements have been prepared on the following basis.

- a. The financial statements of the Company and its subsidiary companies are combined on a line- by- line basis by adding together the book values of like items of assets , liabilities, income and expenses after fully eliminating intra- group balances and intra- group transactions resulting in unrealized profits or losses being eliminated in accordance with Accounting Standard 21-“Consolidated Financial Statements “ issued by the Institute of Chartered Accountants of India
- b. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the period. All monetary assets and liabilities are converted at rates prevailing at the end of the year and non-monetary assets and liabilities at cost. Depreciation has been converted at the rate prevailing on the date of acquisition of assets. Any exchange difference arising on consolidation of integral foreign operation is recognized in the profit and loss account.
- c. Investments in subsidiaries are eliminated and differences between costs of investment over the net assets on the date of investment, or on the date of the financial statements immediately preceding the date of investment, in the subsidiary companies is recognized as goodwill or capital reserve , as the case may be , on net basis.
- d. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Method of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting practices in India (GAAP).

3. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

4. Revenue Recognition

Revenue from software development and consulting services is recognized either on time and material basis or fixed price basis, as the case may be. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method.

Revenue from sale of licenses of software products and other products is recognized on delivery/ installation, as the case maybe. Maintenance revenue in respect of software products is recognized over the period of the underlying maintenance agreement.

5. Fixed Assets

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Intangible: Costs that are directly associated with identifiable and unique software products controlled by the Company, whether developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products.

6. Depreciation / Amortization:

Software Products are amortized over a period of five years on straight-line basis. Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956. Subsequent upgrades of hardware are entirely charged off to revenue in the year of purchase.

7. Investments

Current Investments are carried at lower of cost and fair value. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is made, if such decline is other than temporary in the opinion of the management.

8. Accounting for Taxes on Income

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income - tax Act, 1961.

Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future.

9. Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss are recognized in the Profit & Loss Account, except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets. Overseas investments are recorded at the rate of exchange in force on the date of allotment/ acquisition.

10. Accounting of Employee Benefits

The Company makes contribution to Provident Fund and the same is charged to Profit and Loss account. Provision for gratuity are made as per payment of Gratuity Act , on the assumption that all the employees retire at the year end and charged to Profit and Loss account.

11. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

12. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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 revenue.

C. Notes To Accounts

- The List of Subsidiaries considered in the consolidated financial statements are:

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest
Agile Solutions, LLC	USA	100%
Aurionpro Solutions PTE Ltd	Singapore	100%

- These consolidated financial statements do not include consolidated financial statement for the year ended March 31, 2001 , 2002 and 2003 as there was no subsidiaries prior to 1st April 2003 .

3. Operating Leases :

The Company has various operating leases for office facilities and residential premises of officers that are renewable on a year basis and cancelable at its option. Rental expenses for operating leases included in the income statement for the year is Rs 998 thousands (p.y. Rs. 1876 thousands)

As of 31st March 2005 future minimum lease payments for non-cancelable operating leases are as under

(Rs. in thousand)

Particulars	Total	Not later than one year	Later than one year but not later than five year	Later than five years
Present value of minimum lease payment	920	920	NIL	NIL

4. Until the year ended March 31, 2002, the Company made contribution for three years aggregating to Rs.224 thousands, to gratuity plan managed by Life Insurance Corporation of India (LIC). Liabilities with regard to gratuity plan were determined on actuarial valuation. No Contribution were made/provided for by the Company for the financial year 2002 onwards.

In the absence of confirmation from LIC, with regards to the continuity / validity of the Gratuity Plan, the Company during the year has made provision for gratuity as per the payment of Gratuity Act, on the assumption that all the employees retired at the year end. The provision of gratuity as at 31st March 2005 of Rs.440 thousands includes gratuity provision of Rs.294 thousands up to 31st March 2004 on similar computation.

5. Secured Loan

Working capital loan from bank is secured by :-

- Hypothecation of work in progress, book debts, computers and other peripherals both present and future.
 - Pledge of 1,75,000 equity shares of Megavisa Marketing solutions Limited owned by the company.
 - Equitable mortgage of personal residential flat and Fixed deposit worth Rs. 1000 thousands of the directors.
 - Personal guarantees of directors.
6. Deferred taxation in respect of timing difference arising on account of:

Particulars	(Rs. in thousands)	
	2004-05	2003-04
<u>Deferred Tax Liability on account of:</u>		
Depreciation	2391	1675
<u>Deferred Tax Assets on account of :</u>		
Disallowance under the Income tax Act,1961	422	0
Net Deferred Tax Liability	1968	1675

7. The company's operation comprises of software development and related activities. Primary segment is based on geographical areas, viz. India and rest of the world.

As the company is dealing only in software development and related activities, there is no secondary business segment.

In primary segment, revenue and all expenses, which relate to a particular geographical segment, are reported. Fixed Assets, Current Assets, Loans and Advances, Current Liabilities and Provisions are classified based on specific geographical business.

(Rs. in thousands)

	2004-05				2003-04			
	India	Rest of World	Unallo-cated	Total	India	Rest of World	Unallo-cated	Total
Revenue	33,811	67,149	-	100,960	13,683	34,455	-	48,138
Increase in WIP	1,963	1,640	-	3,603	(3,066)	2,340	-	(726)
Direct and allocated Segment Cost	26,803	52,492	12,428	91,723	21,989	30,270	7,083	59,342
Inter-segment cost	-	23,988	-	23,988	-	21,748	-	21,748
Total Cost	26,803	28,504	12,428	67,735	21,989	8,522	7,083	37,594
Operating Profit	8,589	40,285	(12,428)	36,446	(11,372)	28,273	(7,083)	9,818
Other Income	-	-	122	122	-	-	2	2
Profit Before Interest, Depreciation and Tax	8,971	40,285	(12,306)	36,828	(11,372)	28,273	(7,081)	9,820
Depreciation	3,080	2,156	-	5,236	1,629	634	-	2,263
Profit Before Interest and Tax	5,891	38,129	(12,306)	31,714	(13,001)	27,639	(7,081)	7,557
Interest	-	-	1,257	1,257	-	31	1,736	1,767

	2004-05				2003-04			
	India	Rest of World	Unallocated	Total	India	Rest of World	Unallocated	Total
Profit Before tax	5,891	38,129	(13,563)	30,457	(13,001)	27,608	(8,817)	5,790
Provision for Taxation	2,198	119	-	2,317	530	12	-	542
Provision for Deferred Tax	-	-	1,65	1,065	-	-	(154)	(154)
Profit After tax	3,693	38,010	(1,064)	27,075	(13,531)	27,596	(8,663)	5,402
Other Information's :								
Segment Assets	40,291	61,615	-	101,906	16,486	40,251	-	56,737
Unallocated Corporate Assets	-	-	27,862	27,862	-	-	7,423	7,423
Total Assets				129,768				63,034
Segment Liabilities	7,872	2,917	-	10,789	3,156	411	-	3,567
Unallocated Corporate Liabilities	-	-	9,254	9,254	-	-	32,571	32,571
Total Liabilities				20,043				36,138
Capital Expenditure	11,382	19,089	8,799	39,270	1,532	4,549	-	6,081

8. Related Party Transactions (in respect of related parties as of the date of this report):

A. Name of the related parties:

i. Key Managerial Personnel:

- a) Paresh C. Zaveri
- b) Bhavesh R Talsania
- c) Amit R Sheth
- d) Sanjay A Desai

ii. Other Related Parties :

- a) Promoter Company: Aurionpro Services Pvt Ltd.

B. Transactions with related parties:

(Rs. in thousands)

	2004-05	2003-04
Key Managerial Personnel :		
Remuneration	1770	1667
Dividend	162	252
Allotment of Bonus shares (Numbers)	3928989	Nil
Other Related Parties :		
Reimbursement of expenses to related parties	1360	414
Rent paid	528	528
Software Service Received	1502	Nil
Dividend paid	156	156
Investment by Related Parties	2773	Nil
Allotment of Bonus shares (Numbers)	1643199	Nil
Payable at the year end	2509	642

Material transactions with the related party during the year are as under:

- a. Investment by Aurionpro Services Private Limited (Promoter Company) for Rs.2773 thousands (p.y.Rs. Nil).
 - b. The company has allotted 1643199, 758880, 693000, 643500, 190410 equity shares fully paid up to Aurionpro Services Private Limited and to key managerial personnel i.e. Paresh C. Zaveri, Bhavesh R Talsania, Amit R Sheth, Sanjay A Desai respectively as bonus shares against their investment in the company on pro-rata basis
 - c. Rent paid to Aurionpro Services Pvt. Ltd of Rs. 528 thousands (p.y.. Rs. 528 thousands).
9. The Company hitherto amortised preliminary expenses over a period of five years. In view of Accounting Standard (AS) – 26 “ Intangible Assets”, issued by the Institute of Chartered Accountants of India, on becoming mandatory from the current financial year, the company has charged off preliminary expenses incurred during the period of Rs.993 thousand and also unamortised the balance of Rs.33 thousands brought forward from previous year.
10. During the year 2004 - 2005, the Company has allotted the shares for a value in cash as under:
- a. In terms of resolution passed in the Board of director’s meeting held on 15.04.2004, the company has allotted 22000 equity shares of the face value of Rs.10 each at a price of Rs.50 per share (including premium of Rs.40). As a result paid up share capital has gone up by Rs.220 thousand and share premium by Rs.880 thousands.
 - b. In terms of resolution passed in the Board of director’s meeting held on 16.04.2004, the company has allotted 55,000 equity shares of the face value of Rs.10 each to the promoters and others at a price of Rs.222.10 per share (including premium of Rs.212.10). As a result paid up share capital has gone up by Rs.550 thousands and share premium by Rs.11665.50 thousands.
 - c. In terms of resolution passed in the Board of director’s meeting held on 30.06.2004, approval obtained from the members in the EGM held on 20.04.2004, the company has allotted 1,05,237 equity shares of the face value of Rs.10 each to the promoters and others at a price of Rs.100 per share (including premium of Rs.90) As a result paid up share capital has gone up by Rs.10523.37- thousands and share premium by Rs.9471.33 thousands.
 - d. In terms of resolution passed in the Board of director’s meeting held on 17.12.2004, the company has allotted 2,03,396 equity shares of the face value of Rs.10 each to the promoters and others at a price of Rs.150 per share (including premium of Rs.140). As a result paid up share capital has gone up by Rs.2033.96 thousands and share premium by Rs.28475.44 thousands.
 - e. In terms of resolution passed in the Board of director’s meeting held on 31.01.2005, the company has allotted 6,500 equity shares of the face value of Rs.10 each at a price of Rs.150 per share (including premium of Rs.140). As a result paid up share capital has gone up by Rs.65 thousands and share premium by Rs.910 thousands.
11. The company has carried work-in-progress as on 1st April 2004 for Rs.5100 thousands and further cost of Rs.7695 thousands incurred during the year, which includes the cost of material, man-hours and overhead invested for developing in-house software product called “BoursePro”. The development of the software product was completed on 1st August,2004 and the same has been capitalized in the books of accounts on that date as Intangible Assets.
12. The Previous year’s figures have been regrouped and rearranged wherever found necessary.

ANNEXURE IV

Consolidated Restated Cash Flow Statement For The Year Ended 31st March

	(Rs. in 000)	
	As At 31.03.2004	As At 31.03.2005
Net Profit / (Loss) before Taxation	5,791	30,458
A. Cash Flow from Operating Activities :		
Adjustment for :		
Depreciation & amortisation	2,261	5,234
Provision for Gratuity	(122)	146
Interest Expenses	1,767	1,257
Prior period Adjustments	-	(55)
	<u>3,906</u>	<u>6,582</u>
Operating Profit before working capital changes	9,697	37,040
Adjustment for :		
Change in Inventories	727	(3,603)
Change in Sundry Debtors	(16,302)	(20,355)
Change in Loans & Advances	(525)	(23)
Change in Current Liabilities	3,196	5,085
	<u>(12,904)</u>	<u>(18,896)</u>
Cash generated from operations	(3,207)	18,144
Income Tax paid	(1,241)	(332)
Dividend tax paid	(40)	(61)
Net Cash Flow from Operating Activities	<u>(4,488)</u>	<u>17,751</u>
B. Cash Flow from Investing Activities :		
Capital Expenditure	(11,182)	(25,372)
Purchase of Investment	(640)	-
Purchase of Goodwill	-	(8,847)
Net Cash from Investment Activities	<u>(11,822)</u>	<u>(34,219)</u>
C. Cash Flow from Financing Activities :		
Share Application money received	12,143	-
Increase in capital including premium	3,332	43,431
Increase / Decrease in Term Loan	4,075	(12,552)
Interest paid	(1,767)	(1,257)
Dividend paid	(314)	(479)
Net Cash from from Financing Activities	<u>17,469</u>	<u>29,143</u>
Net (Decrease)/Increase in cash and cash equivalent	1,159	12,675
Cash and cash equivalent at the beginning of the year	713	1,872
Cash and cash equivalent at the end of year	<u>1,872</u>	<u>14,547</u>
Net (Decease) / Increase as above	<u>1,159</u>	<u>12,675</u>

ANNEXURE V**Summary of Accounting Ratio**

	2003-04	2004-05
Basic Earning per share (Rs.)	0.73	3.56
Return on Net worth (%)	19.28	24.68
Net Asset Value (Rs.)	3.80	14.44
Weighted Average Number of Equity Shares	7372955	7596363

Notes:-

- 1) The ratios have been computed as per the following formulae:

Basic Earning per share (Rs.) = $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total No.of Equity shares outstanding during the year / period}^*}$

Return on Net Worth (%) = $\frac{\text{Net Profit after Tax}}{\text{Net worth excluding Revaluation reserve at the end of the year / period}}$

Net Asset Value per Equity share (Rs.) = $\frac{\text{Net worth excluding Revaluation reserve}}{\text{Total No.of Equity shares outstanding during the year / period}^*}$

- 2) Net Profit, as restated and appearing in the statement of Profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.
- 3) Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earning per share" issued by the Institute of Chartered Accountants of India.

* Bonus Shares issued during the year 2004-2005 have been considered as equity share outstanding at the year ended for all prior years.

ANNEXURE VI**DETAILS OF RATES OF DIVIDEND**

Class of Shares	Face Value	Year Ended 31.03.2001	Year Ended 31.03.2002	Year Ended 31.03.2003	Year Ended 31.03.2004	Year Ended 31.03.2005
Parent Company						
Equity Shares	Rs.10					
- Final		10%	10%	15%	15%	5%
Subsidiaries					NIL	NIL

ANNEXURE VII**SCHEDULE OF SECURED AND UNSECURED LOANS****SECURED LOANS**

	(Rs. in 000)	
As At	Year Ended 31.03.2004	Year Ended 31.03.2005
ABN Amro Bank	-	-
Bank of India	11,812	-
Total	11,812	-

Aurionpro Solutions Limited

- 1) Loan from ABN Amro Bank, disbursed on 31.05.2000, was secured by hypothecation of motor car. The rate of interest was 8.16% on annualised rate.
- 1) Working capital loan from Bank of India is secured by hypothecation of book debts, work in progress and fixed assets of the company i.e. computers and peripherals. It is further secured by pledge of equity shares of Megavisa marketing Solutions Limited, Equitable mortgage of residential flat of director, fixed deposits of directors and personal guarantee of promoters directors. The current rate of interest is 13.60%.

UNSECURED LOANS

As At	(Rs. in 000)	
	Year Ended 31.03.2004	Year Ended 31.03.2005
From Promoters/Shareholders	502	-
From Banks	566	328
Total	1,068	328

- 1) The unsecured loans from Promoters / Shareholders and Others are interest free. There is no fixed repayment schedule of the same.
- 2) The unsecured loans from banks has been obtained on 30.07.2003 with a repayment schedule of 36 monthly instalments. The rate of interest is 20% p.a. on reducing balance.

ANNEXURE VIII

CAPITALISATION STATEMENT AS AT MARCH 31, 2005

Particulars	(Rs. in 000)	
	Pre Issue	Post Issue*
As on 31st March 2005		
Short Term Debt		Nil
Long Term Debt	328	
Total Debt	328	
Shareholder's Funds		
Share Capital	77,757	
Reserves	31,967	
Total Shareholder's Fund	109,724	
Long Term Debt / Shareholders Funds	0.003	

* Share Capital and Reserves, Post-Issue can be ascertained only after the conclusion of the book building process.

Notes:-

- 1) Long term Debt represents Loan from banks
- 2) Long term Debt includes current portion of the long term debt payable under the next 12 months
- 3) Long term Debt / Equity ratio has been calculated as per the following formula

$$= \frac{\text{Long term Debt}}{\text{Share holders fund}}$$

ANNEXURE IX**STATEMENT OF TAX SHELTERS****(Rs. in 000)**

As At	Year Ended 31.03.2004	Year Ended 31.03.2005
Tax Rate (including surcharge)	35.88%	36.59%
Net profit/(loss) before tax as restated	5,540	26,412
Tax at notional rates (A)	1,988	9,664
Book Depreciation	2,250	5,174
Tax Depreciation	2,744	16,933
Difference between tax and book depreciation (B)	(494)	(11,759)
Benefit under section 10B (C)	(3,436)	(9,285)
Other Adjustments (D)	(132)	638
Net Adjustments (B+C+D)	(4,062)	(20,406)
Tax Savings thereon (E)	(1,457)	(7,467)
Tax Liability (A-E)	530	2,198
Tax provision made in the books	700	2,500
Current tax impact of adjustments.	(170)	(302)

Note : Since both the subsidiaries of the Company are foreign subsidiaries, the tax shelter is based on the restated unconsolidated accounts of the Company.

ANNEXURE X**RELATED PARTY TRANSACTIONS****A. Name of the related parties****1. Key Mangerial Personnel :**

- a) Paresh C. Zaveri
- b) Bhavesh R. Talsania
- c) Amit R Sheth
- d) Sanjay A Desai

2. Other related parties

- a) Promoter Company : Aurionpro Services Pvt. Ltd. (from April 2003 onwards)

B. Transactions with related parties :

	(Rs. in 000)	
Particulars	31.03.2004	31.03.2005
Key Managerial Personnel		
Remuneration	1,667	1,770
Dividend	252	162
Allotment of Bonus shares (Number of shares)	-	3,928,989
Other Related Parties		
Reimbursement of expenses to related parties	414	1,360
Rent Paid	528	528
Software services received	-	1,502
Dividend Paid	156	156
Investment by Related Parties	-	2,773
Allotment of Bonus shares (Number of shares)	-	1,643,199
Receivable at year end	642	2,509

Group/Associate Companies**Fusion B Services (India) Private Limited**

The Company was incorporated on March 22, 2002 vide Registration number U 74999 MH 2002 PTC 135264 with The Registrar of companies, Maharashtra, Mumbai, with objective of providing management consulting and BPO Services, however, there are no operations in the Company since January 2003.

The brief financials are given below:

	Rs. In Lacs		
Particulars	Fiscal 2003	Fiscal 2004	Fiscal 2005
Total Income/ Sales	5.50	0.01	0.05
Profit / (Loss) After Tax	(18.48)	(0.20)	(0.25)
Equity Share Capital	15.00	15.00	15.00
Net Worth (Rs)	(4.01)	(4.07)	(18.87)
NAV per share of face value Rs. 10/- each (Rs.)	(2.67)	(2.72)	(12.58)
EPS per share of face value Rs. 10/- each (Rs.)	(12.32)	(0.13)	(0.13)
Dividend (%)	-	-	-

The Company is not listed on any stock exchange and hence there are no details for the highest and lowest market price of shares.

The company has already applied for strike-off under Simplified Exit Scheme promulgated by Department of Company Affairs.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS (AS PER INDIAN GAAP):

You should read the following discussion of our financial condition and results of operations together with our audited/examined consolidated restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear in this Prospectus beginning on page 71. The financial information used in this section is derived from our audited consolidated financial statements under Indian GAAP, as restated.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the 12-month period ended March 31 of that year. In this section only, any reference to "we", "us" or "our" refers to Aurionpro Solutions Limited on a consolidated basis.

OVERVIEW

We are in the business of providing a range of information technology solutions to companies world-wide, with a primary focus on the banking, Financial Service and Insurance industries. We are organised geographically, with wholly-owned subsidiaries in the United States and Singapore with strategic sales partnerships in Middle East and Far East Asia. We have two primary

lines of business: (a) our BFSI SBU engaged in product licenses and related services for the banking, insurance and financial services industries; and (b) our IT Services SBU provides bespoke software development and technology services.

BFSI SBU Products Business

In the BFSI SBU, our product offerings include a package of software solutions for the banking, insurance and financial services industry. Our suite of banking products are in the niche areas of cash management, treasury management and risk management addressing the requirements of banking sector. We also provide services in implementation, upgradation and maintenance of banking software products.

The description of these products and services and our revenue models have been given under caption Our Business starting from page 44 of this Prospectus.

Income from software products include license fees and professional fees for implementation and customer specific enhancement services. Our software product agreements typically include an annual maintenance service provision. The fees payable for the maintenance service is calculated as a percentage of license fee payable under the contract or in certain cases, as a lump sum payment for a fixed term.

License fees are recognized upon delivery or installation, as the case may be. Professional fees for implementation and enhancement services are recognized on a percentage of completion basis. Maintenance fees in respect of software products are deferred and recognized ratably over the period of the underlying maintenance service contract. We generally provide a warranty that will be effective from the time the installation of the product has been accepted by the client and will be valid for periods ranging from three months to two years from the date of such acceptance.

IT Services SBU

We have an independent Services Business, which provides custom software development, deployment, maintenance and support services (both onsite and offshore), system integration and IT consulting services. In our IT Services practice, we charge our customer either on the basis of Fixed Contract method or through time-and-material method. The method of billing is decided at the time of engagement of the service, considering all the relevant factors. Revenue on time-and-material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method.

Factors affecting results of operations

Over the past few years, several factors have affected our results of operations, financial condition and cash flow significantly over the years. These factors include:

- General economic conditions in India and large global markets, particularly the United States;
- Changes in the demand for IT products and services, particularly in the BFSI Sector;
- Fluctuations in the rate of exchange between the Rupee and major foreign currencies, such as the U.S. dollar and the Singapore Dollar;
- Capital expenditures, including for our global development centres and for product development;
- Competition in the India, the United States and other international markets from other IT product and service companies, especially the effect of such competition on our ability to penetrate these markets;
- Changes in interest rates; and
- Changes in net working capital.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that in addition to the foregoing factors, the future developments which may affect our future results of operations, financial condition and cash flow include:

- Acceptance of our product offerings in the domestic and international markets;
- Pricing pressures for both our product and services businesses, due to continued competition from other IT product and service companies;
- Capital expenditures and related financings, if any, including for product development;
- Competition in hiring and retaining skilled IT personnel;
- Our ability to expand international operations;
- Gain or loss of significant customers;
- New strategic partnerships or mergers/acquisitions; and
- Funding of the working capital requirements.

Aurionpro Solutions Limited

In the initial years of our business, we were providing bespoke IT Services. In 1999, we got an opportunity to enable a leading private sector bank to enter the cash management market through innovative products and solutions. As our services practice grew with more such opportunities coming our way, our focus got crystallized in providing banking IT solutions. We spread our geographical presence by acquiring Aurionpro Solutions Pte Limited, Singapore w.e.f. April 01, 2003 and Agile Solutions LLC, USA w.e.f. September 01, 2004.

RESULTS OF OPERATIONS

Income

Our total income has two components:

- Operating income; and
- Other income.

A summary of the past financial results based on the Restated Un-Consolidated Account (i.e. Stand-alone basis) is given below:

(Rs. in Lacs)

	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Operating Income	203.81	190.31	323.85	454.96	860.73
Other Income	0.89	1.50	1.43	0.02	1.22
Total Income	204.70	191.81	325.28	454.98	861.95
Operating Expenditure	139.15	159.40	256.01	359.71	533.52
EBIDTA	65.55	32.41	69.27	95.27	328.43
Depreciation & Amortisation	7.65	16.96	20.51	22.51	51.74
Interest	0.67	1.23	9.39	17.36	12.57
PBT	57.23	14.22	39.37	55.40	264.12
Taxes	16.63	2.78	7.00	3.76	32.63
PAT	40.60	11.44	32.37	51.64	231.49
Dividend	2.07	2.09	3.14	5.40	8.47
Share Capital	20.70	20.91	31.52	33.02	777.57
Reserves and Surplus	116.23	137.50	166.07	244.33	278.02
EPS (Rs.)	0.56	0.16	0.45	0.70	3.05
Book Value (Rs.)	1.89	2.18	2.72	3.76	13.90

The Company had no subsidiaries in Fiscal 2001, Fiscal 2002 and Fiscal 2003.

Analysis of operations for each Fiscal beginning from Fiscal 2001 is given below:

Fiscal 2005:

Our stand alone income for fiscal 2005 was Rs. 861.95 lacs, a rise of around 90% over previous fiscal. Growth in total income is due to increase in the domestic as well as overseas sales.

- During the year we have added more than 15 new clients who have contributed about Rs. 285 lacs to our topline.
- We have also obtained large orders from our existing clients which resulted in an additional revenue of Rs. 150 lacs.

The operating expenditure of the year amounted to Rs. 533.52 lacs. The EBIDTA is about 38%, which is a marked improvement over the Fiscal 2004 in which it was about 21%.

Increase of Rs. 188.86 lacs in net profit from Rs. 49.71 lacs in FY 2003-04 to Rs. 238.87 lacs in FY 2004-05 as a result of following:

- The company had products sales amounting to Rs. 152.02 lacs during the Financial year (Corresponding figure for the previous year - Nil). The company realizes higher margins in product sales.
- The company improved productivity and margins, due to adoption of better processes, as a part of ISO implementation.
- The export sales of the company grew by Rs. 204.50 lacs. The company realizes better margins in export business, which improved the overall margins.

d) The company improved billing rates by an average 20% with key customers during the year, which improved the overall margins.

During the year we have also issued 3,92,133 shares of Rs. 10 each at premium aggregating to Rs. 553.24 lacs, which was utilized for acquisitions and enhancing the working capital. We have also issued 70,53,399 shares of Rs. 10 each as bonus, by utilizing the share premium and balance in the Profit & Loss account. This Fiscal, we have declared a dividend at 5% (on pro rata basis) on the increased capital absorbing about Rs. 8.47 lacs including dividend tax.

The outstanding debtors as of 31st March are Rs. 338.86 Lacs. The agewise analysis of the same is :

90 - 120 Days Rs.296.03 Lacs, 120 - 180 Days Rs.10.31 lacs, and more than 180 Days Rs. 32.52 Lacs.

Fiscal 2004:

Our stand alone income for the fiscal 2004 was Rs. 454.98 lacs, which is 39% more than that of the previous year. The operating expenditure of the year amounted to Rs. 359.71 lacs. The EBIDTA is about 21%. The PAT stood at Rs. 51.64 lacs after providing for Taxation of Rs. 3.76 lacs. We maintained the dividend at 15% (on pro rata basis) on the increased capital, absorbing about Rs. 5.40 lacs including dividend tax.

Fiscal 2003

During the year, the Company earned a total income of 325.28 lacs. The operating expenditure of the year amounted to Rs. 256.01 lacs. At Rs. 69.27 lacs, the EBIDTA is about 21%. The PAT stood at Rs. 32.37 lacs, which is almost thrice the PAT for the fiscal 2002. For the year we increased the dividend rate to 15% absorbing about Rs. 3.14 lacs.

Fiscal 2002

The effect of .com bust loomed large on the operations of the Company and there was a sharp decline in the local sales, though the export sales have shown a 300% increase. Our total income for the fiscal 2002 was Rs. 191.81 lacs. The operating expenditure of the year amounted to Rs. 159.40 lacs. At Rs. 32.41 lacs, the EBIDTA is about 17%. The PAT stood at Rs. 11.44 lacs after providing for Taxation of Rs. 2.78 lacs. We declared dividend at 10%, absorbing about Rs. 2.09 lacs.

Fiscal 2001

Our total income for the fiscal 2001 was Rs. 204.70 lacs, which is more than twice the income for the fiscal 2000. The operating expenditure of the year amounted to Rs. 139.15 lacs. At Rs. 65.55 lacs, the EBIDTA is about 32%. To fall in line with the Accounting Standard on Intangible Assets issued by the Institute of Chartered Accountants of India, in the restated Accounts, the Company capitalized the software purchases of Rs. 30 lacs, which was treated as revenue expenditure earlier. The PAT stood at Rs. 40.60 lacs after providing for Taxation of Rs. 16.63 lacs. We declared dividend at 10%, absorbing about Rs. 2.07 lacs.

Significant economic changes that materially affected or likely affect the income from continuing operations

As stated in the preceding paragraphs, the dot.com bust had a cascading affect on our business in the Fiscal 2002. In the same year, the Information technology companies suffered a set-back due terrorism-related developments in the USA, which has affected a number of information technology companies. Any such incidents in future may have an impact on the Company's business.

Known trends or uncertainties that have had or expected to have material adverse impact on sales, revenue or income from continuing operations

Excepting those stated above, there are no such known trends.

Future changes in the relationship between costs and revenues

We believe, in future the licensing of products is going to be a major contributor to our topline. Since licensing of product does not entail a corresponding increase in the operating expenses, there could be an increase on our operating margins.

Status of any publicly announced new products or business segment

Introducing new products in the new geographies is an ongoing activity as part of our regular business initiative.

Seasonal character of Company's business

Our Company's business is not seasonal.

Level of dependence on a single or few suppliers or customers

Within the BFSI sector, the Company's revenues are highly dependent on a small number of clients. The loss of any of the major clients or a decrease in the volume of work outsourced by them or a decrease in the price at which they outsource would adversely affect revenues and profitability of the Company.

Competitive conditions:

In the recent years a number of players have entered the software development business, particularly the BFSI Sector from which we derive a significant part of our income. We believe the sustenance and growth of a business enterprises in this industry – being service in nature - depends on the quality of service, the niche area of operation and the ability to forge long-term business relationships with customers. By continuing to concentrate on these strengths Paradyne plans to meet the competition and achieve growth in the future years.

Conclusion

Given the increasing share of revenue from software services from the BFSI Sector, we believe that by further upgrading our existing products and increasing the range of our offerings, we can market our products well by penetrataing into the newer markets. We are encouraged to believe, by our clients that our strength lies in being a niche products company with a sound technological moorings, a space which is occupied by very few in this country. We plan to expand our presence to other important markets in the world and offer our products and services to achieve a growth in our topline.

SECTION VI: LEGAL AND OTHER INFORMATION
--

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**Outstanding Litigations / Disputes/ Defaults**

The Company has no criminal, securities, statutory or other litigations.

Further no proceeding has been initiated for economic offences against Aurionpro Solutions Limited and is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

There are no other pending litigations against the company.

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

There are no such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.

No disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.

There are no cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.

The Company, confirms that there are no pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/ Promoters and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

Litigations against the Promoters/ Directors

There are no outstanding litigations, disputes, defaults, non-payment of statutory dues, overdues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/criminal or any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Aurionpro Solutions Limited.

Litigations against Subsidiary Companies / Group Companies / Associate Concerns

There are no criminal, securities, statutory or other litigations against any of the Subsidiary Companies / Group / Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group companies / Associate Concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

The promoters, their relatives as per Companies Act, 1956, issuer, group Companies, associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Amounts due to small-scale undertakings

There are no outstanding to whom the issuer company owes a sum a sum exceeding Rs. 1 lakh which is outstanding more than 30 days.

Material Developments Since The Last Balance Sheet Date:

The Company has allotted 33,500 equity of Rs. 10 each at par to its employees on May 02, 2005, details of which are appearing under the Heading 'Share Capital History of the Company' on page no. 16 of Prospectus.

Other than the above, in the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS:

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by us for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No	Issuing Authority	Registration/ License No.	Nature ofRegistration/License
1	Ministry of Information Technology, GOI	IEC No. 0398016216	Importer-Exporter Code (IEC)
2	Software Technology Parks of India, Ministry of Information Technology, Government of India	STPI/MUM/VIII(A) (562)/2000 (renewal under process)	Registration under Software Technologies Parks Scheme of Government of India for manufacture of software for our Unit at Dhiraj Pen Compound for 2200 sq ft area
3	Commissioner of Customs	S/15-298/2000 EOU	For bonding of warehouses to carry on the business of manufacture of computer software in the bonded warehouse and for the import of capital goods without payment of import duty for the premises at Dhiraj Pen Compound
4	Regional Director	31-43254-102	Registration as employer under ESIC

No approvals are required presently for the proposed project. However, the company undertakes to obtain all necessary licences/ registrations/ permissions, etc. if any required in future.

SECTION: VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on April 12th 2005 by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of the Company held on February 25, 2005.

PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors or the Directors or the persons in control of the promoting company, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

As per Clause 2.2.1 of SEBI Guidelines, an unlisted company may make an initial public offering of equity shares, only if it meets the both the following conditions:

- a. The Company has net tangible assets of at least Rs. 300 Lacs in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets.
- b. The Company has a track record of distributable profits as per Section 205 of Companies Act, for at least three out of immediately preceding five years.

For calculating distributable profits in terms of Section 205 of the Companies Act extra-ordinary items shall not be considered;

- c. The Company has a net worth of at least Rs.100 Lacs in each of the preceding three full years of 12 months each;
- d. In case the Company has changed its name within the last one year, at least 50% of the revenues for the preceding one full year is earned by the Company from the activity suggested by the new name; and
- e. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer Document + firm allotment + promoters contribution through offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

The details of Profit After Tax, Net Tangible Assets and Network of the Company are as follows:

(Rs. in Lacs)

	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
PROFIT AFTER TAX	40.60	11.44	32.37	54.02	270.75
NET TANGIBLE ASSETS	136.93	158.41	197.59	277.35	1055.59
NET WORTH	136.93	158.41	197.59	277.35	1055.59

Since the Company does not meet the requirements specified under Clause 2.2.1(a) mentioned above, the Company is offering Equity Shares through the book building route in accordance with Clauses 2.2.2 and 2.2.2A of the SEBI Guidelines, wherein:

- The issue is made through book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded
- The minimum post-issue face value capital of the Company shall be Rs. 10 crore

The Company undertakes that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, it shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS,

CENTRUM CAPITAL LIMITED AND KARVY INVESTOR SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGERS, CENTRUM CAPITAL LIMITED AND KARVY INVESTOR SERVICES LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 11, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

“WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, AND DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- (C) THE DISCLOSURES MADE IN THE 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;
- (D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;
- (E) 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, MUMBAI IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT, 1956.

AND WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.”

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT. THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE 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 BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

GENERAL DISCLAIMER

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company’s website, www.aurionPro.com, would be doing so at his/ her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

The Company shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized 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 authorized under their constitution to hold and invest in shares), permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself/ herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

A copy of the Draft Red Herring Prospectus, had been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021 and SEBI vide its letter no. CFD/DIL/ISSUES/SC/ 48104/2005 dated August 26,2005 has given its comments. A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, was delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Drive, Mumbai – 400 002 and a copy of the Prospectus to be filed under Section 60 of the Act has been delivered for registration with the Registrar of Companies. Investors may please note that Central Government/RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (BSE):

As required, a copy of the Red Herring Prospectus has been submitted to BSE (the Designated Stock Exchange). The Bombay Stock Exchange Limited Mumbai ("The Exchange") has given vide its letter dated August 02, 2005 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document ; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE):

As required, a copy of this Offer document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/16016-J dated August 18, 2005 permission to the Issuer to use the Exchange's name in the Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of the Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at First Floor, Mittal Court, "B" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act was delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 002 and a copy of the Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with RoC. We have complied with all the legal requirements applicable till the filing of the prospectus with RoC.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Company's Equity Shares. The Stock Exchange, Mumbai shall be the Designated Stock Exchange with which the basis of allocation will be finalized for non-institutional portion and retail portion.

If the permissions to deal in and for an official quotation of the Company's Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after the Company become liable to repay it (i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization and adoption of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, Bankers to the Company, the Banker to the Issue; and (b) Book Running Lead Manager, Syndicate Member, Escrow Collection Bank(s) and Registrar to the Issue, to act in their respective capacities, at been obtained and were filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai on September 12, 2005 and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration.

M/s. D. Kothary & Co. and M/s. Chaturvedi & Shah, Joint Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus.

EXPERT OPINION

The Company has not obtained any expert opinions except regarding the Tax Benefits and the Auditors Report from Statutory Auditors of the Company.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Amount (Rs. in lacs)	% of the total issue expenses	% of total issue size
Book Running Lead Managers Fees	74.75	40.90	2.77
Brokerage and Underwriting	18.81	10.29	0.70
Registrars Fees	10.00	5.47	0.37
Legal Advisors' Fees	1.00	0.55	0.04
Others i.e.legal charges, advertising, Listing charges, Book Building Software charges, contingencies	78.19	42.79	2.89
TOTAL	182.75	100.00	6.77

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue is as set out in the Syndicate Agreement amongst the company, the BRLMs and the Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 13 of the Prospectus.

FEES PAYABLE TO THE LEGAL ADVISORS:

The fees payable to the Legal Advisors, M/s. Hariani & Co. is Rs. 1,00,000/-.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

This is the first public issue of the Company. The Company has not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section entitled "Capital Structure" on page no. 14 of this Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

The Company has not made any public issue since its inception and has not paid any commission or brokerage.

ISSUES BY COMPANIES UNDER THE SAME MANAGEMENT:

There are no listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956 and the Company has not made any previous issue.

PROMISES vs. PERFORMANCE:

The Company has not made any public issue of shares since its incorporation. There are no group companies, which have made any public issues.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

The Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

This being the initial public Issue of the Company, the Equity Shares are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES:

The company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Aurionpro Solutions Limited

The Registrar to the issue, namely, Big Shares services Private Limited will handle investors grievances pertaining to the offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-ordinating with the registrar to the offer in attending to the grievances to the investor. The company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Nature of complaint	Time Table
1. Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2. Change of Address Notification	Within 7 days of receipt of information
3. Any other complaint in relation to Offer for Sale	Within 7 days of receipt of complaint with all relevant details

The company has appointed Mrs. Angna Arora as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any pre-issue/ post-issue related problems. The Compliance Officer would be available at the Corporate Office of the Company. She may be contacted at the following address:

Mrs. Angna Arora,
Company Secretary and Compliance Officer,
Aurionpro Solutions Limited,
1st Floor, Udyog Sadan III,
MIDC, Andheri (East),
Mumbai - 400 093.
Tel: +91-22-28321901,
Fax +91-22-2832 1932,
e-mail: ipo@aurionprosolutions.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF :

M/s. D. Kothary & Co., Chartered Accountants, Mumbai were the sole Statutory Auditors of the Company till the Financial Year 2003-04. At the AGM held on September 30, 2004, M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai and M/s. D. Kothary & Co., Chartered Accountants were appointed as Joint Statutory Auditors of the Company for the Financial Year 2004-05.

Other than as mentioned above, there have been no changes in the auditors of the Company during the past three years.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

On June 28, 2004, our company allotted 12,21 600 Equity Shares of face value of Rs. 10 each as bonus shares in the ratio of 3 shares for every 1 shares held in the Company by capitalisation of Rs. 122.16 lacs from the Share Premium Account. On March 31, 2005, our company again allotted 58,31,799 Equity Shares of face value of Rs. 10 each as bonus shares in the ratio of 3 shares for every 1 shares held in the Company by capitalizing of Rs. 475.00 lacs from the Share Premium Account and Rs. 108.19 lacs from the balance in the Profit & Loss Account.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

The Company has not revalued its assets during the last five years.

SECTION: VIII: OFFERING INFORMATION
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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 the Company, conditions of RBI approval, the terms of this Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Prospectus at a Issue Price of Rs.90/- per equity share. At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is 9.0 times the face value.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page 132 in this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of 70 Equity Shares.

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 the Company's Registered / Corporate Office or to its 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 allotment 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 allot 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 the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to the public, including devolvement of underwriters, if any, within 60 days from the date of closure of the issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), the company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

In terms of clause 2.2.2 of SEBI (DIP) Guidelines, 2000 if the final allotment to QIBs works out to less than 50%, the entire subscription money/ bid amount shall be refunded.

If the number of allottees in the proposed issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue after the bidding. In case the Company decides so, it shall issue a public notice within two days of the closure of bidding, indicating the reasons for withdrawal of offer in the newspapers in which the bid advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots/

Restrictions, if any, on transfer and transmission of shares and their Consolidation/ Splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in Articles of Association of the Company.

Subscription by FIIs/Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exist a general permission for the FIIs and Foreign Venture Capital Investors registered with SEBI to invest in shares of an Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/ RBI for this specific purpose.

However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and all NRI, FII and Foreign Venture Capital Funds 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 as may be prescribed by the Government of India/RBI while granting such approvals.

ISSUE STRUCTURE

Public Issue of 30,00,000 Equity Shares of Rs. 10/- each at the Issue Price of Rs. 90/- for cash aggregating Rs. 2700 lacs is being made through a 100% book building process. Out of the said Public Issue, 2,50,000 Equity Shares of Rs. 10/- are reserved for the Employees of the Company. Balance 27,50,000 Equity Shares is Net Public Issue Issue. Details of the issue structure are tabulated below:

	QIBs	Non Institutional Bidders	Retail Individual Bidders	Permanent Employees
Number of Equity Shares	13,75,000	4,12,500	9,62,500	2,50,000
Percentage of issue Size available for allocation	Atleast 50% and net public issue size less allocation to non – institutional Bidders and Retail individual Bidders	Up to 15% or net public issuesize less allocation toQIBs and Retailindividual Bidders	Minimum 35% or net public issuesize less allocation toQIBs and Non-Institutional Bidders.	8.33% of the Total Issue size
Basis of Allocation or allotment if respective category over subscribed	Discretionary	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of 70 Equity Share thereafter, that the Bid Amount exceeds Rs. 1 Lac	Such number of Equity Shares and in multiples of 70 Equity Share thereafter, that the Bid Amount exceeds Rs. 1 Lac	70 Equity Shares and thereafter in multiples of 70 Equity Shares	70 Equity Shares and thereafter in multiples of 70 Equity Shares
Maximum Bid	Not exceeding the size of the issue subject to applicable limits	Not exceeding the size of the issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1,00,000	Not exceeding the 2,50,000 shares
Allotment Mode	Compulsory in Dematerialized form	Compulsory in Dematerialized form	Compulsory in Dematerialized form	Compulsory in Dematerialized form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	70 Equity Share	70 Equity Share	70 Equity Share	70 Equity Share
Who can Apply	Public financial institutions as specific in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with insurance Regulatory and Development	Companies, corporate bodies, scientific institutions societies and trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000 amount)	Individuals (including NRIs and HUFs) applying for an amount up to Rs.1,00,000	Permanent Employees of the Company as on date of filing with ROC

	QIBs	Non Institutional Bidders	Retail Individual Bidders	Permanent Employees
	Authority, provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores.			
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum -Application Form to the members of the Syndicate	Margin Amount applicable to non institutional Bidder at the time of submission of Bid cum -Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Permanent Employees at the time of submission of Bid-cum-Application Form to the members of the Syndicate
Margin Amount	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

ISSUE PROCEDURE**Book Building Procedure**

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, wherein mandatory 50% of the Issue shall be allotted on a discretionary basis to QIBs. Further, not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and upto 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price within the price band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public or NRIs applying on a non-repatriation basis	White
Non-residents including FIIs, Foreign Venture Capital Fund/ Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue
Permanent Employees of the Company and its subsidiaries	Green

Who can Bid?

1. Indian nationals resident in India who are majors,, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Multilateral and bilateral development financial institutions;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
13. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares;
14. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
15. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares.

Pursuant to the existing Regulations, OCBs are not eligible to participate.

Note: The BRLMs, Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary, unless otherwise permitted by SEBI. Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

SEBI MAPIN:

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 and amendments thereto (MAPIN Regulations), every specified intermediaries, other entity, specified listed companies and specified investors who are required to obtain a Unique Identification Number (UIN) under the MAPIN Regulations for buying, selling or dealing in securities, should not apply if they have not obtained the UIN as required.

The bidders are required to indicate in the Bid-cum-application form whether they are required to obtain UIN and if required, quote the same. Failure to quote UIN, when required may lead to rejection of the bid-cum-application form.

It is reiterated that the bidders/ investors are solely responsible to ascertain whether they are required to obtain UIN and quote the same for their securities transaction. Neither the Issuer nor any of the intermediaries associated with the issue have an obligation to verify the same.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, bidders may bid as per the limits prescribed above.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 1,08,09,232 Equity Shares). In respect of an FII investing in Equity Shares of the 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 the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24 % of the total issued capital of the Company. 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 of this date, no such resolution has been recommended for adoption.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital) Regulations, 2000 prescribe investments restriction on the venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, holding in the Company by any individual venture capital fund or foreign venture capital investors registered with SEBI should not exceed 25% of Company's paid-up capital.

The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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.

Maximum and Minimum Bid Size:

- a. For Retail Individual Bidders:** The Bid must be for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter, subject to maximum Bid amount of Rs.1,00,000. In case the maximum Bid amount is more than Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase the equity shares at the final Issue Price as determined at the end of the Book Building Process.
- b. For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 70 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 existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.** In case of revision of bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision in the price band, the same would be considered for allocation under the Retail portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.
- c. For Employees of the Company and its subsidiaries :** The Bid must be for a minimum of 70 Equity shares and in multiples of 70 thereafter, subject to a maximum Bid for 2,50,000 shares.

Information for the Bidders

1. The Company had filed the Red Herring Prospectus with the RoC on September 12, 2005.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. An investor (who is eligible to invest in the Equity Shares according to the terms of the Prospectus and applicable law) who would like to obtain the Prospectus and/ or the Bid cum Application Form can obtain the same from the corporate office or from any of the members of the Syndicate.
4. Investors who are interested in subscribing for the Company's equity shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Bidding Process

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement
2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 117 of this Prospectus) within the Price Band and specify the demand (i.e., the number of equity shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of equity shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of equity shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 120 of this Prospectus.
6. The members of the Syndicate will enter each 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. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 118 of this Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 81/- to Rs. 90/- per equity share, Rs. 81/- being the floor of the Price Band and Rs. 90/- being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
2. The Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of equity shares at a specific price. Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the equity shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the

subscription amount payable by the Retail Individual Bidders (i.e., the total number of equity shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ Refund Account(s).

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 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 price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account/ Refund Account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be within the range of Rs. 5,000 to Rs. 7,000. The issuer company, in consultation with the merchant banker, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the issue. The Escrow Collection Banks will act in terms of the Prospectus and an Escrow Agreement. The monies in the Escrow Account for the issue 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 Banks 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 with the Company. The Escrow Collection Banks, as per the terms of the Escrow Agreement and the Prospectus, if any, shall also make payment of refund, from the Escrow Account.

The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page 125) and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. 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 or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the

discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are accepted.
2. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company will upload the Bids until such time as permitted by the Stock Exchanges.
3. BSE and NSE will download the aggregate demand and price for bids registered on their electronic facilities on a regular basis, consolidated and displayed on-line at all bidding centers. **A graphical representation of the consolidated demand and price would be made available at the bidding centers at the end of each day of the bidding period.**
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor Category - Individual, Corporate, NRI , FII or Mutual Funds, etc.;
 - Numbers of equity shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the equity shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate shall have the right to review the bid. In case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Bids under the Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on the technical grounds listed in the Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, Promoters, management or any scheme or the Company's project.
9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed to mean that the Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the equity shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and by indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
5. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise his/ her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
6. Revisions can be made in both the desired number of equity shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
8. 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. In the case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
9. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the previous Bid.**
10. In case of a discrepancy of data between BSE and NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of the Bid cum Application Form shall be final and binding to all concerned.
11. The primary responsibility of building the book shall be that of the Book Running Lead Managers.

Price Discovery And Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLMs, shall finalise the "Issue Price" and the number of equity shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price, date and time of the Bid.
3. The allocation for QIBs for at least 50% of the Net Issue to the Public Size would be discretionary. The allocation to Non-Institutional Bidders would not be less than 15% of the Net Issue to the Public Size, and allocation to Retail Individual Bidders will not be less than 35% of the Net Issue to the Public Size. Allocation to Non-Institutional Bidders, Retail Individual Buyers and to the Employees of the Company would be made on proportionate basis, subject to the valid bids being received at or above the Issue Price.
4. Undersubscription, if any, in any category (other than the allocation to QIBs portion), would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLMs.
5. Allocation to QIBs, eligible Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for allotment of equity shares to them.
6. The BRLMs, and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.

7. **The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefor.**

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs, and the other members of the Syndicate shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among the Company, the BRLM, and the other members of the Syndicate, the Company will file the Red Herring Prospectus with the RoC, which would then be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widelycirculated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated equity shares in the Issue.
2. The Members of the Syndicate would send the CAN to their Bidders who have been allocated equity shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated equity shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

1. The Company will ensure that the allotment of Equity shares is done within 15 days of the Bid Closing Date/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, the Company would ensure allotment of the Equity Shares to the allottees within two working days of the finalisation of the date of allotment.
2. On the Designated Date, successful Bidders will receive credit for the equity shares directly in their depository account. **Equity shares will be allotted only in the dematerialised form to the allottees.** Successful Bidders will have the option to re-materialise the equity shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.
4. After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date,we would allot the Equity Shares to the allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete appropriate Application Form;
- Ensure that you Bid only in the Price Band;

- Ensure that the DP account is activated;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of equity shares in physical form;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Quote your Unique Identification Number (UIN) as allotted under SEBI MAPIN;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price if you are a for Non-Institutional Bidder or a QIB bidder;
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by a Bidder under applicable law.
- 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;

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and green colour for Permanent employees of the Company).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form as incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 70 equity shares and in multiples of 70 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 70 equity shares thereafter. Bids cannot be made for more than the size of the

Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under applicable laws.

5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

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.

Bidders should note that on the basis on name of the Bidders, Depository Participants name , Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository, Demographic details of the bidders such as Address, Bank Account details, for printing on refund orders and occupation (hereinafter referred to as Demographic Details) hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

These Demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application would not be used for this purposes by the registrar.

Hence Bidders are advised to update their Depository Details as provided to the Depository Participants.

By signing the Bid cum Application Form the Bidder would have deemed to authorized the depositories to provide, upon request, to the registrar of the issue, the required demographic details as available on its records. Refund orders/Allocation Advice/CANs would be mailed at the address of the bidder as per the demographic details received from the depositories. Bidders may note that delivery of Refund orders/Allocation Advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, address and other details given by the Bidder in the Bid cum Application form would be used to ensure despatch of refund orders. Please note that any such delay will be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any such losses caused to the bidder due to any such delay or liable to pay any such interest for such delay.

In case no corresponding record is available with the depositories that match these parameters, namely, names of the bidders (including the order of names of joint holders), the Depository Participants Identity (DP ID) and the beneficiary's identity and then such bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FII's, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs.2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by mutual funds registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as the Company and BRLMs may deem fit.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds Registered with

SEBI on a Repatriation Basis:

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid cum Application Forms from the Company's Corporate office at 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai 400 093 or from members of the Syndicate or the Registrar to the Issue.
- b) NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- c) NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- a) 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.
- b) In a single name or joint names (not more than three).
- c) **By NRIs** – For a minimum of 70 Equity Shares and in multiples of 70 thereafter subject to a maximum Bid amount of Rs 1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs 1,00,001 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page 116.
- d) **By FIIs** – for a minimum of such number of Equity Shares and in multiples of 70 that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page 70.
- e) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- f) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, FIIs and Foreign Venture Capital Funds and all Non Residents, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation. The allotment of equity shares to Non-residents shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs (Department of Economic Affairs) and the RBI while granting such permission.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder or the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - a. In case of Resident Bidders: **“Escrow Account — ASL Public Issue”**
 - b. In case of Non Resident Bidders: **“Escrow Account – ASL Public Issue -NR”**
 - c. In case of Permanent Employees of the Company and its **subsidiaries “Escrow Account- ASL Public Issue - Employees”**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker’s clearing house located at the center where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a member of the Syndicate at its sole discretion.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids In The Case Of Individuals:

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/ her address.

Multiple Bids:

A Bidder should submit only one Bid (and not more than one) for the total number of equity shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In 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 name of the scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of the mutual funds shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in all or any categories.

PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 and amendments thereto (MAPIN Regulations), every specified intermediaries, other entity, specified listed companies and specified investors who are required to obtain a Unique Identification Number (UIN) under the MAPIN Regulations for buying, selling or dealing in securities, should not apply if they have not obtained the UIN as required.

The bidders are required to indicate in the Bid-cum-application form whether they are required to obtain UIN and if required, quote the same. Failure to quote UIN, when required may lead to rejection of the bid-cum-application form.

It is reiterated that the bidders/ investors are solely responsible to ascertain whether they are required to obtain UIN and quote the same for their securities transaction. Neither the Issuer nor any of the **intermediaries associated with the issue have an obligation to verify the same.**

Company Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders, the Company has the right to reject Bids only on technical grounds. Consequent refunds will be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of equity shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;
6. UIN number not given for Body Corporates;
7. Bids for lower number of equity shares than specified for that category of investor;
8. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
9. Bids at cut-off price by a QIB or a Non Institutional Bidder;
10. Bids for number of equity shares which are not multiples of 70;
11. Category not ticked;
12. Multiple Bids;
13. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
14. Bid cum Application Form does not have the stamp of a member of the Syndicate;
15. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
16. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
17. In case no corresponding record is available with the Depository that matches three parameters; name of bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number.
18. Bids by OCBs.
19. Bids by US residents or US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of US Securities Act of 1933.
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations (see the details regarding the same at page 131 of this Prospectus); or
21. Bids not duly signed by the sole/joint Bidders.
22. In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
23. Bids accompanied by Stockinvest/money order/postal order/cash.
24. Unique Identity Number (UIN) – MAPIN not given by specified intermediaries and specified investors as required.

Equity Shares in Dematerialised Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the equity shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode). The Company has already entered into Tripartite Agreements with CDSL and NSDL dated August 29, 2005 and August 30, 2005 respectively.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for equity shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

- Equity shares allotted/transferred to a 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 depository account of the Bidder(s).
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
- The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that equity shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where the Company's equity shares are proposed to be listed are connected to NSDL and CDSL.
- The trading of the equity shares would only be in dematerialized form for all investors.
- Investors are advised to instruct their Depository Participants to accept the equity shares that may be allocated to them pursuant to this Issue.

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, number of equity shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Letters of Allotment or Refund Orders:

The Company shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of **finalisation of the basis of allotment of equity shares**. The Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the equity shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company, further undertakes that:

- Allotment of equity shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- It would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- It shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.
- It will provide adequate funds to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker 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.

The company shall provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the 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.”

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the company if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment**A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 945,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 945,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum bid/ application size of 70 Equity Shares and in multiples of 70 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,05,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 405,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLM and would be at the Company’s sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- Mandatory 50% of the Net Issue to the Public i.e. 13,50,000 shares shall be allotted to the QIBs failing which the entire subscription amount shall be refunded.
- The Company shall, in consultation with the BRLMs, would have the discretion for any allocation to QIBs.

D. For Bidders in Employee Reservation category

- Bids received from the Bidders in Employee Reservation category at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employee Reservation category will be made at the Issue Price.
- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,50,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- If the aggregate demand in this category is greater than 2,50,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 70 Equity Shares. For the method of proportionate basis, refer below.

Procedure and Time Schedule for Allotment of equity shares and Disposal of Applications and Application Money:

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of equity shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within two working days from the date of allotment.

Method of proportionate basis of allocation in the Retail, Employee Reservation and Non-Institutional Portions:

In the event of the Issue being over-subscribed, the basis of allotment to Retail, Employee Reservation and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the 70 Equity Shares.

- a) The subscription in the Retail, Employee Reservation and the Non-Institutional portion will be computed separately.
- b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000 shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
- c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- d) The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- e) 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.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Interest in case of Delay in Despatch of Allotment Letters/ Refund Orders:

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. The company further agrees that it shall pay interest @ 15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of the closure of the issue.

Undertaking by the Company

The Company undertakes as follows:

- a. that the complaints received in respect of this Issue shall be attended to by it expeditiously and satisfactorily;
- b. that the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE, where the equity shares are to be listed within seven working days of finalisation of the basis of allotment;
- c. that the Company shall take all steps to ensure that the dispatch of refund orders and demat credit is completed and the allotment and listing documents submitted to stock exchanges within seven working days of finalization of basis of allotment;
- d. that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by it;
- e. that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and
- f. that no further Issue of equity shares shall be made until the equity shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the 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 utilised out of Issue referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilised; and
- c. details of all unutilised monies out of the Issue, if any, referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.
- d. The Company shall not have any recourse to the Issue proceeds until approval for the trading of equity shares from all the stock exchanges where listing is sought is received.
- e. Pending utilisation of net proceeds of the Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.
- f. The utilization of monies received under the Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized.
- g. The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of the Company, indicating then form in which such unutilized monies have been invested.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the Reserve Bank of India ("RBI"). Under present regulations, the maximum permissible FII investment in the Company is restricted to 24% of its total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by its shareholders; however, as of the date hereof, no such resolution has been recommended to Board or the shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capita Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

SECTION:IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A. RIGHTS OF MEMBERS

The Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

B. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The Articles of Association of the Company *inter alia* including following clauses:

“Copies of Memorandum and Articles to be furnished by the Company

3. Pursuant to Section 39 of the Act, the Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a prescribed fee, a copy of each of the following documents, as in force for the time being
 - (i) the Memorandum;
 - (ii) the Articles, if any;
 - (iii) every other agreement and every resolution referred to in Section 192, of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.

Company’s funds may not be applied in purchase of or lent for shares of the Company

4. (i) The Company shall not have power to buy its own shares, otherwise then the manner flowed under section 77 (A) of the Act, and unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or Section 402 of the Act.
 - (ii) The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit :

 - (a) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
 - (b) the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
 - (c) No loan made to any person in pursuance of clause (b) of the foregoing provision shall exceed in amount, his salary or wages at that time for a period of six months.
 - (d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE /REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

- (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further Issue of Shares

- (b) Company may from time to time increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then :
- (i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
- PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him.
- (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (c) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause(a) of sub-clause (1) hereof) in any manner whatsoever.
- (i) If a special resolution to that effect is passed by the Company in General Meeting, or
- (ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

- (d) Noting is sub-clause (c) of (1) hereof shall be deemed :
 - (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorize any person to exercise the right of renunciation for a second time on the aground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- (ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Directors may allot shares as fully paid up

- (f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partially paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- (g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

- 7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;
Provided that :
 - (i) 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 redemption;
 - (ii) no such shares shall be redeemed unless they are fully paid;
 - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
 - (iv) 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.
- (b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.
- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares

had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares

- 8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated upto the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :
 - (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
 - (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Power To Issue Sweat Equity Shares

- (c) The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79 (A) of the Act,

Reduction of capital

- 9. The Company may from timetime by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be :
 - (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
 - (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is un represented by available assets; or
 - (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up sharecapital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

- 10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:
 - (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.

- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
- (d) cancel, shares which at the date of such general meeting 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.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

- 11. (a) If the Company has :
 - (i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;
 - (ii) converted any shares into stock;
 - (iii) reconverted any stock into shares;
 - (iv) sub-divided its share or any of them;
 - (v) redeemed any redeemable preference shares; or
 - (vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act, the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.
- (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

- 12. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing share holders

- 13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

- 14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

- 15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

- 16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

- 17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion either as right or bonus and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 and other related provisions of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold any transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Every share transferable etc

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.
- (b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.
- (i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- (ii) in writing off the preliminary expenses of the Company;
- (iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
- (iii) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares

23. [A] An 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 any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Power of Company to purchase its own Securities

[B] Notwithstanding anything contained in the Act, but subject to the provision of Sub-section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back) from.

- (A) Out of free Reserve or,
- (B) Out of Share Premium Account or,
- (C) Out of proceeds of an earlier Issue other than fresh Issue of share made specifically for the purpose of Buy-Back Shares.

Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, 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.

Trusts not recognised

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

- (b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorized persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (a) Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every Certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.
- (b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity shares / 10 (Ten) debentures (all relating to the same series) in market lots as the case may be.
- Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.
- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place, lost or destroyed

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in Lieu thereof shall be given to the party

entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.

INTEREST OUT OF CAPITAL

Interest out of Capital

29. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or building or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of cost of construction of the work or building or the provision of the plant.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions discounts etc.

30. (A) The Company may pay a commission to any person in consideration of :

- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
- (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely :
 - (a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
 - (b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
 - (c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
 - (d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.

(B) Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :

- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
- (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

(C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.

(D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.

- (E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures 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 calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.

Notice of call

33. Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture 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.

Instalments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalment and calls due in respect of such shares.

When interest on call or Instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any 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 in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls 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 was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

Term of issue of Debenture

43. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures 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/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards 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 and/or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or instalment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debentureholder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of 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 herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annual forfeiture

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture togetherwith interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debentureholder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

59. The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Instrument of transfer

60. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the Certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.
- (e) The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;
- (A) for splitting of a share or debenture certificate into several scripts of very small denominations;
- (B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
- (i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
- (ii) the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
- (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
- (iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.
- Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).
- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Custody of instrument of transfer

64. [A] The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Dematerialisation/Rematerialisation

- [B] Notwithstanding anything contained in these Articles the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

Option for Investors

[C] Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities.

If a person options to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

Securities in Depository to be in fungible form

[D] All securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

[E] (i) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

(ii) Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record 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.

Service of Documents

[F] Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

[G] Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository.

Allotment of Securities dealt with in a depository

[H] Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of Members

[I] The company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical 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, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Applicability of the depositories Act

[J] In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act, 1996 shall apply.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, 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 in the aggregate forty five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise 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 the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 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.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Nominations

(c) [i] Every Shareholder or Debenture holder or deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 109A of the Companies Act, 1996.

[ii] Where the Shares or Debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders.

[iii] Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debentureholder or depositholder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may prescribed under the Act.

[iv] Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No fee on transfer or transmission

74. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, 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 Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

- (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

- (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

- (g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:

- (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 alter the commencement of this Act, 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 it can not be carried on or can be carried on only with difficulty or only after a considerable time.
- (d) borrow monies 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 purpose.
- (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts 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 of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc. to be subject to the control of directors

80. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.
- (e) The term 'charge' shall include mortgage in these Articles.
- (f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of certificate

- (g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of and inspect Trust Deed

- (h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.
 - (1) In the case of a printed Trust Deed of the sum of Rupee One and
 - (2) in the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.
- (ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

Mortgage of uncalled capital

83. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.

- (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act.
- (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
- (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.
- (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- (h) The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
- (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
- (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
- (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered officer of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.
- (l) The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
 - (i) a short description of the property charged;
 - (ii) the amount of the charge; and
 - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS

Powers to issue share warrants

87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

88. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting, and exercising the other privileges of a Member at any meeting held after

the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.

- (b) Not more than one person shall be recognised as depositor of the Share Warrant.
- (c) The Company shall on two days' written notice return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant.

89. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of the privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant.

Summary of Annual General Meeting

- 90 Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right 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 Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

91. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings

92. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debentureholders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

93. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

94. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:
- (i) by the requisitionists themselves;
 - (ii) by such of the requisitionists 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 such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation : For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

- (g) A meeting, called under clause (f) above, by the requisitionists or any of them:
 - (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation : Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.
 - (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

- 95. (a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.
- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
 - (i) in the case of an annual general meeting by all the members entitled to vote thereat: and
 - (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

- 96. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (b) Notice of every meeting of the Company shall be given:
 - (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees 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 so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and
 - (iv) to all the Directors of the Company

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

97. (A) For the purpose of this Article :

- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - (b) the declaration of a dividend;
 - (c) the appointment of Directors in the place of those retiring, and
 - (d) the appoint of and the fixing of the remuneration of the auditors, and
- (ii) in the case of any other meetings, all business shall be deemed special.

(B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the provision to sub-section (2) of Section 173 of the Act.

(C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

98. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

99. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

- (c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

- (d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

- (e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

- (f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

- (g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

- 100.(a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall :
 - (i) be in writing, and
 - (ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- (f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

- 101.(a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

102. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

103. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

104. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

105.(a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

(c) 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 guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or insolvent members etc.

(d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of 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 such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of Instrument

(e) If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

(f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

(g) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

(h) 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 a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

106. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the

minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

107.(a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

108.(a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

109. On a poll taken at a meeting of the Company a member 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 uses.

Scrutineers at poll

110.(a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one 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.

Manner of taking poll and result thereof

111.(a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

112. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

113. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

114.(a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

Public Trustee

(c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

115. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

116. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

117. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

118. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings.

- 119.(a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board 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.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
- (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said 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 authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
- (i) the names of the Directors present at the meetings, and
 - (ii) 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.
- (g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (i) is or could reasonably be regarded, as defamatory of any person
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

120. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the

contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be

Inspection of Minutes Books of General Meetings

- 121.(a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
- (i) be kept at the registered office of the Company, and
 - (ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

122. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

123. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

BOARD OF DIRECTORS

Board of Directors

124. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The Present Directors of the Company are :

1. Mr. Amit R. Sheth
2. Mr. Bhavesh R. Talsania
3. Mr. Sanjay Desai
4. Mr. Paresh C. Zaveri
5. Mr. Ajay Mittal
6. Mr. Nikunj Kapadia
7. Mr. Peter Max Huels
8. Mr. Prem Rajani

Appointment of Senior Executives as Wholetime Directors

- 125.(a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Wholetime Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
- (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.
 - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Sections 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.

- (iv) Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.
- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholetime directors.

Debenture Director

126. Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

127. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director's is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled to but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Wholetime Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Special Director

- 128.(a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.
- (b) The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.
130. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Appointment of Alternate Director

- 131.(a) The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (b) An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held.
- (c) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to

Appointment of Additional Directors

132. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

- 133.(a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

- (b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is

passed no provision for the automatic reappointment of retiring director by virtue of these Articles and the Act in default of another appointment shall apply.

Appointment of chairman

134. The directors may elect among themselves a chairman of the Board meeting.

Qualification of Director

135. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

- 136.(a) Subject to the provisions of the Act, a Managing Director or a Director who is in the wholetime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director, who is neither in the wholetime 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 has authorised such payment.
- (c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Travelling and other expenses

137. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for travelling, board and lodging and incidental and/or such actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings of the Board or Committees thereof or general meetings of the Company are held from time to time or any other place at which the Director executes his duties.

Remuneration for extra services

138. If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors

139.(a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Wholetime Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or its Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board of Directors, shall require the approval of the Central Government unless it is in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.

Increase in remuneration of Managing Director on re-appointment or appointment

- (b) If the terms of any re-appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Wholetime Director, as the case may be was receiving immediately before such reappointment or appointment shall require the approval of the Central Government unless they are in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.

Directors not to act when number falls below minimum

140. When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

141. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act.

Directors vacating office

142.(a) The Office of a Director shall become vacant if:

- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
 - (ii) he applies to be adjudicated an insolvent;
 - (iii) he is adjudged an insolvent;
 - (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - (v) he fails to pay any call 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 unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - (vi) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
 - (vii) he, whether by himself or by any person for his benefit or on his account or any firm in 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;
 - (viii) he acts in contravention of Section 299 of the Act;
 - (ix) he becomes disqualified by an order of court under Section 203 of the Act;
 - (x) he is removed in pursuance of Section 284 of the Act;
 - (xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
 - (xii) he resigns his office by notice in writing given to the Company.
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;
- (i) for thirty days from the date of the adjudication, sentence or order;
 - (ii) where any appeal or petition is preferred within the 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 off, or
 - (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

143. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 190 of the Act shall be required 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.
 - (c) 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.
 - (d) 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) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so,

- (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
 - (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, 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 be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly;
- Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (g) Nothing contained in this Article shall be taken:
- (i) 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
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

144. (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.
- (b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.
- Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.
- (c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Directors may be directors of companies promoted by the company

145. A Director, Managing Director, Officer or employee of the Company may be, or become a director, of any Company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.

Duty of Directors etc. to make disclosure

- 146.(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), Managing Director, Manager or Secretary of the Company, who is appointed to or relinquishes the office of Director, Managing Director, Manager or Secretary of any other body corporate shall, within twenty days of his appointment or relinquishment of such office, as the case may be, disclose to the Company aforesaid the particulars relating to the 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 of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act and every other person referred to in sub-section (11) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

147. The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.

Loans to Directors

148. The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

Appointment of Sole Selling Agents

- 149.(a) The appointment, re-appointment and extension of the term of a Sole Selling Agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any rules or Notifications issued by competent authority in accordance with that section and the Directors and/or the Company in general meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such Rules or Notification, if any as may be applicable.

- (b) The payment of any compensation to a Sole Selling Agent shall be subject to the provisions under Section 294A of the Act.

Board resolution at a meeting necessary for certain contract

- 150.(a) Except with the consent of the Board of Directors of the Company and with the previous approval of the Central Government a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company;

- (i) for the sale, purchase or supply of any goods materials or services, or
- (ii) for underwriting the subscription of any shares in, or debentures of the Company.

- (b) Nothing contained in the foregoing sub-clause (a) shall affect:

- (i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
- (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other side 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:

Provided that such contract or contracts do not relate to goods and materials the value of which, or service cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.

- (c) Notwithstanding anything contained in the foregoing sub-clause (a) and (b) a Director, relative, firm, partner of private company as aforesaid, may in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods, materials or services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (d) Every consent of the Board required under this clause shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under sub-clause (a) above shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (e) If consent is not accorded to any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.
- (f) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
- (g) The Company shall also comply with such other provision of Section 297 of the Act, as may be applicable.

ROTATION OF DIRECTORS

Rotation of Directors

151. Not less than two thirds of the total number of Directors shall

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

Ascertainment of Directors retiring by rotation and filling up vacancies

152.(a) At every annual general meeting 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, then the number nearer to one-third, shall retire from office.

(b) The Directors to retire by rotation 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 amongst themselves, be determined by lot.

(c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(d) (i) If the place of the retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the succeeding day which is not a public holiday, at the same time and place.

(ii) 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 re-appointed at the adjourned meeting, unless

- (1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
- (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- (3) he is not qualified or is disqualified for appointment;
- (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or

(e) The proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Explanation: In this Article and Article 156 the expression 'Retiring Director' means Director retiring by rotation.

Right of persons other than retiring Directors to stand for Directorship

153.(a) A person who is not a retiring Director shall, in accordance with Section 257 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than fourteen days before the meeting, left at the registered 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 or members to propose him as a candidate for that office, as the case may be alongwith a deposit of such sum as may be prescribed by the Act, or the central government from time to time which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.

(b) The Company shall inform its members of the candidature of a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting in the manner provided under Section 257 of the Act.

Consent of candidate for Directorship to be filed with the Registrar

154. Every person who is proposed as a candidate for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 264 of the Act in so far as they may be applicable.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

155. The Directors may meet together as a Board for the despatch 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 and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

When meeting to be convened

156. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Directors entitled to notice

157. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

Quorum at Board Meeting

158.(a) The quorum at a meeting of the Directors shall be as prescribed by Section 287 of the Act.

Quorum competent to exercise power

- (b) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

Procedure in case of want of quorum

- (c) If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a Public Holiday, till the next succeeding day which is not a public holiday, at the same time and place.

Directors may appoint committee

159. Subject to the provisions of Section 292 and other provisions of the Act and Article 165 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit, and they may, from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

Resolution by circular

160. Subject to the provisions of Section 289 of the Act, a resolution passed without any meeting of Directors, or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of all the Directors or members of such Committee as aforesaid, for the time being in India, be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such committee called and held in accordance with the provisions of these Articles.

Provided that the resolution has been circulated in draft, together with the necessary papers, if any, to such Directors, or members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or the Committee as the case may be) and all other Directors or members at their usual address in India and has been approved by such Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution.

Limit of Directors' numbers

161. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles.

Acts of Board or Committee valid notwithstanding defect of appointment

162. All acts done by any meeting of the Directors or by a Committee of Directors, 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 Directors or

persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

Minutes of proceedings of the Board and the Committees to be valid

163. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.

Board Minutes to be evidence

164. Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purposes whatsoever prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

Register of Directors and Managing Directors etc.

165. The Directors shall cause to be kept at the registered office of the Company:

- (a) (i) A Register of the Directors, Managing Directors, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act.
- (ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and
- (iii) A Register of Directors shareholding containing the particulars required by Section 307 of the Act. They shall also cause to be kept other registers and indexes as required by the Act.
- (b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Section of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

166.(a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

- (i) The power to make calls on shareholders in respect of money unpaid on their shares;
- (ii) The power to issue debenture;
- (iii) The power to borrow moneys otherwise than on debentures;
- (iv) The power to invest the funds of the Company, and
- (v) The power to make loans.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

- (b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate.
- (c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.
- (e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

- 167.(a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:
- (i) 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;
 - (ii) remit, or give time for the repayment of any debt, due by a Director;
 - (iii) 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 sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the 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 purpose; or
 - (v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts 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 of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.
- (b) Nothing contained in sub-clause (a) above shall affect:
- (i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
 - (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.
- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

General powers of the Company vested in Directors

168. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers given to Directors

169. Without prejudice to the general powers conferred by Article 172 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers:

To pay registration expense

- (i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;

To acquire property

- (iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

- (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

To construct buildings

- (v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

- (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

To pay for property etc.

- (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any 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, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To insure

- (viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

To open accounts

- (ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

- (x) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

- (xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

To accept surrender, of shares

- (xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

- (xiii) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

- (xiv) 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 subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

To refer to arbitration

- (xv) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

- (xvi) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

- (xvii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

To authorise acceptances

- (xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

- (xix) Subject to the provisions of Sections 292, 293, 370, 372 of the Act, invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

- (xx) 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 for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

To give to Directors etc. an interest in business

- (xxi) Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

To provide for welfare of employees

- (xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

- (xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition;

To maintain pension funds

- (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;
- (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

To create Reserve Fund

- (xxvi) Before recommending any dividend, to set a side out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the directors 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 purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may 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 Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

- (xxvii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

- (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors 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.

To authorise, delegate

- (xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

To Negotiate

(xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTORS

Power to appoint Managing or Wholetime Directors

170 (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s) Financial Director(s) and Special Director(s) 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 such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

(b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Director” or “Joint Managing Directors” or “Deputy Managing Directors” as the case may be.

Appointment and payment of remuneration to Managing or Wholetime Director

(c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY

Secretary

171. Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called ‘the Secretary’) who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL

The seal its custody and use

172.(a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

Seal abroad

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

173. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

174. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

175. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

176. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

177. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

178.(a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in Annual General Meeting may declare dividends

179. The Company in Annual general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends

180. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

181. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) 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 or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government 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 that financial year or out of the profits of any other previous 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 an 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 the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

181. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

182. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

183. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

184. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

185. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

186. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

187.(a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank, as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

188. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

189. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION

Capitalisation

190.(a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or

- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in;

- (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (2) in writing off the preliminary expenses of the Company;
 - (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.
- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.
 - (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
 - (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
 - (e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

191. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

ACCOUNTS

Accounts

192. The provisions of Sections 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company.

Books of Accounts to be kept

193.(a) The Company shall keep at its Registered Office proper books of accounts as required by Section 209 of the Act with respect to:

- (i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;

- (ii) all sales and purchases of goods by the Company; and
- (iii) the assets and liabilities of the Company;

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decide, 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.

- (b) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarised returns made upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.

Books to give fair and true view of the Company's affairs

- 194.(a) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be with respect to the matters aforesaid, and explain the transactions.
- (b) The books of account shall be open to inspection by any Director during business hours as provided by Section 209 of the Act.
- (c) The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

Inspection by members

- 195. The Directors 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, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Company in general meeting.

Statements of Accounts to be furnished to General Meeting

- 196. The Board of Directors shall lay before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

Balance Sheet and Profit and Loss Account

- 197.(a) Subject to the provisions of Section 211 of the Act, every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit. There shall be annexed to every Balance Sheet a statement showing the bodies corporate (indicating separately the bodies corporate in the same group) in the shares of which investments have been made by it (including all investments, whether existing or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.
- (b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 212 and other applicable provisions of the Act.
- (c) If in the opinion of the Board, any of the current assets of the Company have not a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

Authentication of Balance Sheet and Profit & Loss Account

- 198.(a) (i) Save as provided by item (ii) of this sub-clause every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Manager or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director, if any.
- (ii) When only one of the Directors of the Company is for the time being in India, the Balance Sheet and the Profit and Loss Account shall be signed by such Director, but in such a case, there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason for non compliance with the provisions of the above item (i).
- (b) The Balance Sheet, and the Profit and Loss Account, shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the auditors for their report thereon.

Profit and Loss Account to be annexed and Auditors' Report to be attached to the Balance Sheet

199. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report including the Auditors' separate, special or supplementary report, if any, shall be attached thereto.

Board's Report to be attached to Balance Sheet

- 200.(a) Every Balance Sheet laid before the Company in general meeting shall have attached to it a Report by the Board of Directors with respect to the state of the Company's affairs; the amounts, if any which it proposes to carry to any reserves in such Balance Sheet, the amount, if any, which it recommends to be paid by way of dividends and material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.
- (b) The Report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries or in the nature of the business in which the Company has an interest.
- (c) The Board shall also give the fullest information and explanations in its Report or in cases falling under the proviso to Section 222 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report.
- (d) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not so authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of sub-clause (a) and (b) of Article 203.
- (e) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of sub-clauses (a) and (c) of this Article are complied with.
- (f) Every Balance Sheet and Profit and Loss Account of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards any matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by shareholders at a subsequent general meeting.

Right of Members to copies of Balance Sheet and Auditor's Report

201. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's Report and every other document required by Law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before of the meeting.

Three copies of Balance Sheet etc. to be filed with Registrar

202. After the Balance Sheet and Profit and Loss Account have been laid before the Company at the annual general meeting, three copies of the Balance Sheet and Profit and Loss Account duly signed as provided under Section 220 of the Act together with three copies of all documents, which are required to be annexed thereto shall be filed with the Registrar, so far as the same be applicable to the Company.

AUDIT

Accounts to be audited

203. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment and qualifications of auditors

- 204.(a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting, and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.
- (b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless:
- (i) he is not qualified for reappointment;
 - (ii) he has given the Company notice in writing of his unwillingness to be reappointed;
 - (iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or

- (iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.
- (c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- (d) The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government.
- (e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.
- (f) A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.
- (g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of Branch Office

205. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

Remuneration of Auditors

206. The remuneration of the Auditors shall be fixed by the Company in general meeting in such manner as the Company may in general meeting determine except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

Auditor to have access to the books of the Company

- 207.(a) The Auditor/s of the Company shall have a right of access at all times to the books and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor/s.
- (b) All notice of, and other communications relating to, any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company; and the Auditor/s shall be entitled to attend any general meeting and to be heard at any general meeting which he attends to any part of the business which concerns him as Auditor.
 - (c) The Auditors shall make a Report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account, and on every other document declared by the Act to be part of or annexed to the Balance Sheet or Profit and Loss Account, which are laid before the Company in annual general meeting during his tenure of office, and the Report shall state whether, in his opinion and to the best of his information and according to the explanation given to him, the accounts give the information required by the Act in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year: and
 - (ii) in the case of the Profit and Loss Account, of the Profit and Loss for that financial year.
 - (d) The Auditor's Report shall also state :
 - (i) whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;
 - (ii) whether, in his opinion, proper books of accounts as required by law have been kept by the Company so far as appears from his examination of those books and proper returns adequate for the purpose of his audit have been received from branches not visited by him;

- (iii) whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company auditor has been forwarded to him as required by clause (c) sub-section (3) of the Section and how he has dealt with the same in preparing the Auditor's Report;
- (iv) whether the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns.
- (e) Where any of the matters referred to in this Article is answered in the negative or with a qualification the Auditor's Report shall state the reasons for the answer.

Accounts when audited and approved to be conclusive except as to errors discovered within three months

208. Every account when audited and approved by a general meeting shall be conclusive except as regards any error therein discovered within three months next after the approval thereof. Whenever any such error is discovered within the said period, the accounts shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

Service of Notice by member

209. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate of posting or by registered post or by leaving it at its Registered Office.

The term 'Notice' in this and the following clauses shall include summons, notice, requisition, order, judgement or other legal papers and any document.

Service of Notice on Registrar

210. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

- 211.(a) A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.

- (b) Where a Notice is sent by post :

- (i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

- (ii) Such service shall be deemed to have been effected:

- (1) in the case of a Notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and
- (2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

- (c) A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him.

On Joint holder

- (d) Any Notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On personal Representative

- (e) A Notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees 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 so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

212. Any Notice given by the Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

213. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal.

WINDING UP

Distribution of Assets

- 214.(a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

215. Subject to the provisions of the Act.

Distribution in specie or kind

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) in case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

216. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECURITY CLAUSE

217. (a) 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 a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters 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 so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

- 218.(a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Secretary and 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, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any 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 the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

219. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SOCIAL OBJECTIVE

220. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.

GENERAL POWER

221. Wherever in the Companies Act, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction only if the Company if so authorised by its Articles, then and in that case these regulations hereby authorise and empower the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act.

SECTION: X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of the Prospectus, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of the Company situated at 1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093, India from 10.00 a.m. to 4.00 p.m. from the date of the Prospectus until the Bid/ Issue Closing Date.

A. Material Contracts:

1. Letter of appointment of M/s. Centrum Capital Limited and M/s. Karvy Investor Services Limited as Book Running Lead Managers dated April 12, 2005 and dated 18.04.2005 respectively.
2. Memorandum of Understanding entered into with M/s. Centrum Capital Limited dated April 12, 2005 and with M/s. Karvy Investor Services Limited dated April 12, 2005 to act as Book Running Lead Managers to the Issue.
3. Memorandum of Understanding dated April 12, 2005 entered into with M/s. Bigshare Services Private Limited to act as Registrar to the Issue.
4. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. Bigshare Services Private Limited dated August 30, 2005;
5. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. Bigshare Services Private Limited dated August 29, 2005;
6. Syndicate Agreement dated August 29, 2005 and Escrow Agreement dated September 01, 2005.
7. Underwriting Agreement dated October 11, 2005 among the Company, the BRLM and the Syndicate Member.
8. Agreement between Aurionpro solutions Limited and Aurionpro Services Private Limited dated January 15, 2003 to bring about a strategic relationship between the two companies.
9. Copies of Lease Deed dated 05.03.2000 and extension letter valid upto 31.03.2006 for Registered Office (at 1D, Dhiraj Pen Compound, 58/59, Andheri-Kurla Road, Andheri East, Mumbai – 400 059) and Corporate Office premises deed dated 12.03.2004 valid upto 20.02.2006 (1st Floor, Udyog Sadan III, MIDC, Andheri East, Mumbai – 400 093).
10. Letter of Appointment for M/s. Hariani & Co., Advocates & Solicitors as Legal Advisors to the Issue dated April 12, 2005.

B. Material Documents

1. Memorandum and Articles of Association of the Company as amended from time to time;
2. Certificate of incorporation dated October 31, 1997 issued by the Registrar of Companies, Maharashtra, Mumbai.
3. Copy of Certificates of Incorporation and consequent upon change of name of the Company i.e. 30.04.2001 and 18.09.2003 alongwith copies of the resolutions.
4. Copy of Certificate of Incorporation consequent upon change in name on conversion to Public Limited Company dated 09.03.2005 and resolutions for such change.
5. Board resolution dated November 14, 2000 authorizing investment in M/s. Aurionpro Solutions Pte Ltd, Singapore and RBI approval no. BYWRN20010053 dated February 27, 2001 .
6. Board resolution dated July 20, 2004 authorizing investment in Agile Solutions LLC, USA, with RBI approval dated 14.06.2005.
7. Board resolution dated February 15, 2005 in relation to the appointment and remuneration of Executive Chairman, Managing Director and Wholetime Directors.
8. Special resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on February 25, 2005 u/s 293 (1)(d) of the Companies Act, 1956.
9. EGM Resolution dated February 25, 2005 authorizing the Issue u/s 81(1A) of the Companies Act, 1956 and Board resolution dated April 12, 2005 for the public issue.
10. Resolution copies for increase in capital and relevant forms.

11. Letter from Software Technology Parks of India approving the setting up a 100% Export Oriented Unit under STPI Scheme.
12. Copies of Agreement dated April 1, 2005 entered into with Executive Chairman, Managing Director and Whole-time Directors.
13. Copies of Quotations obtained for purchase of equipments for expansion.
14. Copies of Annual reports of the Company and its subsidiaries, as applicable, for previous five financial years ended on March 31, 2001, 2002, 2003, 2004 and 2005;
15. Annual reports for the previous five financial years, as applicable, of the group companies;
16. Report of the Auditors M/s. Chaturvedi & Shah and M/s. D. Kothary & Co., dated May 30, 2005 as mentioned in the Prospectus;
17. Certificates from M/s. D. Kothary & Co., Chartered Accountants, dated August 29, 2005 regarding the sources and deployment of funds.
18. Project Appraisal Report by Centrum Capital Limited dated May 31, 2005.
19. Copy of the Tax Benefit Certificate dated June 2, 2005 issued by M/s. Chaturvedi & Shah, Joint Statutory Auditors;
20. Copy of letter dated June 11, 2005 from M/s. Hariani & co., Advocates & Solicitors and legal advisors to the issue for vetting and approval of Prospectus.
21. Due Diligence Certificate dated June 11, 2005 to SEBI from M/s. Centrum Finance Limited and M/s. Karvy Investor Services Limited.
22. General Powers of Attorney executed by Mr. Sanjay Desai, Mr. Bhavesh R. Talsania, Mr. Paresh C. Zaveri, Mr. Prem G. Rajani, Mr. Ajay Mittal, Dr Nikunj P. Kapadia, Mr. Peter Max Huels, Directors of Aurionpro Solutions Limited in favour of Mr. Amit R. Sheth for signing and making necessary changes in the Red Herring Prospectus;
23. Consent Letters of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Underwriters, Legal Advisors to the Company, Directors, Company Secretary and Compliance Officer, Registrars and Bankers to the Issue to act in their respective capacities and for inclusion of their names in the Prospectus;
24. Listing Applications made to BSE and NSE dated June 15, 2005 and June 14, 2005 respectively.
25. In-principle listing approvals from BSE and NSE dated **[August 2, 2005]** and **[August 18, 2005]** respectively;
26. SEBI Observation Letter No. **CFD/DIL/ISSUES/SC/48104/2005** dated **August 26, 2005**.
27. Board Resolution Dated October 8, 2005 fixing the issue price of Rs. 90/- per Equity Share of Face Value Rs. 10/- each.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made thereunder. All the legal requirements connected with the said Public Issue as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Aurionpro Solutions Limited declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Offer Document have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company and Mr. Amit Sheth, Managing Director of the Company certify that all disclosures made in this Prospectus are true and correct.

SIGNED BY

Mr. Sanjay Desai, Executive Chairman
(Through his Constituted Attorney Mr. Amit R. Sheth)

Mr. Amit R. Sheth, Managing Director

Mr. Bhavesh R. Talsania, Executive Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

Mr. Paresh C. Zaveri, Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

Mr. Prem G. Rajani, Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

Mr. Ajay Mittal, Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

Dr Nikunj P. Kapadia, Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

Mr. Peter Max Huels, Director
(Through his Constituted Attorney Mr. Amit R. Sheth)

SIGNED BY COMPLIANCE OFFICER

Mrs. Angna Arora
Company Secretary

Place : Mumbai
Date : October 14, 2005.

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