



PARADYNE INFOTECH LIMITED

(Registration No.11-112281)

(Paradyne Infotech Limited was incorporated as Private Limited Company on 5th December 1997 with the Registrar of Companies, Maharashtra, Mumbai. The Company got converted into Public Limited under Section 31/44 of the Companies Act, 1956 on 28th September 2004)

Registered Office : 801, Balarama Building, Bandra Kurla Complex, Bandra East, Mumbai - 400 051
(For details of Change in Registered office, please refer to Page No. 34 of the Prospectus)

Tel: +91 - 022- 5696 3333 Fax: +91 - 022 - 5696 3344, Email: ipo@paradyne.co.in Website: www.paradyne.in

PUBLIC ISSUE OF 33,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PREMIUM OF RS. 32/- PER SHARE AGGREGATING TO RS. 13,86,00,000/- (HEREINAFTER REFERRED TO AS THE 'ISSUE').

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Paradyne Infotech Limited (the "Company"), there has been no formal market for the shares of the company. The face value of the share is Rs.10/- and the issue price of Rs. 42/-- is 4.2 times of the face value of the shares of the Company. The issue price (as has been determined and justified by the Lead Manager and Paradyne Infotech Limited as stated herein under the paragraph on Basis for Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment 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 securities have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. The attention of the investors is drawn to the statement of Risk Factors appearing on page no. iii of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

Paradyne Infotech Limited, 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.

LISTING

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE). The in-principle approval of BSE for listing of Equity Shares has been received pursuant to its letter dated 4th May 2005. The in-principle approval of NSE has been received vide its letters dated 18th May 2005 and 13th September 2005 respectively.

LEAD MANAGERS TO THE ISSUE	REGISTRARS TO THE ISSUE
 <p>Karvy Investor Services Ltd. "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 Tel :+9140 23374714/ 23320751 Fax No.: +91 40 23374714 Email: mbd@karvy.com SEBI Regn No. INM/000008365</p>	 <p>Bigshare Services Pvt Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 Tel.: +91 22 28473747/28473474 Fax: +91 22 28475207 Email: bigshare@bom7.vsnl.net.in SEBI Regn No. INR000001385</p>

ISSUE PROGRAMME

ISSUE OPENS ON : SEPTEMBER 30, 2005

ISSUE CLOSES ON : OCTOBER 7, 2005

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I. DEFINITIONS / ABBREVIATIONS

Articles	Articles of Association of the Company
Act	The Companies Act, 1956
Applicant(s)	Any prospective investor who makes an application for equity shares in terms of this Prospectus.
Board	The Board of Directors of Paradyne Infotech Limited.
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Compliance Officer	Mr. Amit Prakash Jaste
Depositories Act	Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time.
DP	Depository Participant as defined under the Depositories Act.
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the Rules and Regulations thereunder.
FII	Foreign Institutional Investors
HUF	Hindu Undivided Family
Guidelines	Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and all amendments thereto
GIR	General Index Registration
HR	Human Resources
HUF	Hindu Undivided Family
Issue	The Issue of 33,00,000 Equity Shares by the Company pursuant to this Prospectus.
IPO	Initial Public Offer
ISSUER / COMPANY/Paradyne	Paradyne Infotech Limited.
Lead Manager/Karvy	Karvy Investor Services Limited
MoA	Memorandum of Association of the Company
MIDC	Maharashtra Industrial Development Corporation
MOU	Memorandum of Understanding
MP	Management Perception
NAV	Net Asset Value
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
PAN	Permanent Account Number

P/E or PE	Price Earning Ratio
QC	Quality Control
Registrar/BSPL	Registrars to the Issue viz., Bigshare Services Private Limited
ROC	Registrar of Companies, Maharashtra, Mumbai
RONW	Return on Net Worth
RBI	Reserve Bank of India
SDC	Software Development Centre
SDLC	Software Development Life Cycle
SRS	Software Requirement Study
SEBI (SAST) Regulations, 1997	Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997
SEBI	Securities & Exchange Board of India

II. FORWARD-LOOKING STATEMENTS

Paradyne's Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", "may" or other words or phrases of similar import. Similarly, statements that describe Paradyne's objectives, plans or goals also are 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 company's expectations include, among others:

- a) Company's ability to successfully implement its strategy and growth and expansion plans;
- b) General economic and business conditions in India and in the company's markets, particularly the United States;
- c) Changes in the value of the Indian rupee and other foreign currencies;
- d) Changes in the laws and regulations applicable to the Indian IT services industry, including with respect to tax incentives and export benefits;
- e) Adverse changes in U.S. laws, including those relating to outsourcing and immigration;
- f) Increased competition in and the conditions of the Indian and global IT services industry;
- g) The prices the company is able to obtain for its services;
- h) Wage levels in India for IT professionals;
- i) Shortage of IT professionals in India with relevant skill levels;
- j) Changes in political or social conditions in India;

For further discussion of factors that could cause the company's actual results to differ see "Risk Factors" on page no. iii of this Prospectus. None of Paradyne Infotech Limited, Lead Manager or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Paradyne Infotech Limited and the Lead Managers will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

III. RISK FACTORS

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to invest in the Company's equity shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and investors may lose all or part of their investment.

A. INTERNAL TO THE COMPANY

- (i) The Issuer Company proposes to handle multiple projects including an investment in its US Subsidiary. The promoters being first generation entrepreneurs, the investors will be subjected to all consequential risk associated with such ventures.

MP: The Company's promoters have more than 12 years of experience in the IT industry. Over the years a number of computer professionals and functional experts have joined the Company's fold. The Company has the track record of delivery of products and services to the satisfaction of customers.

- (ii) The objects of the Issue for which funds are being raised are as per the Company's own estimates and have not been appraised by any Bank/Financial Institution.
- (iii) Significant portion of the funds raised for the projects would be used for funding intangible assets.

- (iv) The proposed expansion project is fully funded by the Public Issue. Any delay in raising the funds from IPO as depicted under the caption, "Means of Finance" on page no.25, may have adverse impact on the performance of the Company.

MP: The estimates are valid on the date of the Prospectus and adequate provision is kept for contingencies.

- (v) The Company has not placed orders for any of the equipments to be acquired for the proposed Project.

MP: The turnaround time between placement of order and supply of equipment required is nominal. Therefore, no orders are placed so far.

- (vi) A part of the equipment is to be imported for which orders are yet to be placed and the estimated cost is arrived at by converting foreign currency at the exchange rate prevalent on the date of the quotation. Any weakening of rupee against the respective currency mentioned may increase the cost of the Project.

MP: The Management has made adequate provision for contingencies and would take suitable steps to address this risk.

- (vii) Contingent liabilities and commitments not provided for

	As at 31st March 2005 (Rs. Lakhs)
Unexpired Letters of Credit	121.27
Guarantees issued by Bankers against Companies counter guarantee	47.39
Capital commitments in respect of capital work in progress (net of advances paid)	72.41
Total	241.07

- (viii) Zenith Limited, has filed a criminal complaint against the company, its Managing Director & Chief Executive Officer (MD & CEO) and a director, with the First Class Judicial Magistrate, Nashik u/s 420 read with section 34 of IPC. The submissions of the Complainant are as follows: The Company has agreed to purchase two Servers from them for Rs. 1,80,000. The Company has taken delivery of one of the servers after issuing a cheque of Rs. 1,80,000. The Company subsequently stopped the payment of Rs. 1,80,000. The complainant accuses that the Company, its MD & CEO and the Director have made a wrongful gain by resorting to deception.

- (ix) Mr. Annand Sarnaik, Managing Director of the Company in his individual capacity has filed a case with the Metropolitan Magistrate, 12th Court, Bandra, Mumbai against Mr.Chetan J Kore and Mr.Abhay Kore for non-repayment of short term loan availed by them in 2001.

- (x) The following cases were filed by the Company:

- a) Against Mr.Paresh Chunilal Ganatra for dishonor of cheque amounting to Rs.3,00,000/- under Section 138 of the Negotiable Instrument Act, 1981, which was receivable against sale of computer systems and accessories supplied to him.

- b) Against M/s. Newton MP Technologies Private Limited in the 12th Court of Addl. Chief Metropolitan Magistrate , Bandra, Mumbai for dishonor of cheques of Rs. 8,00,000/- against payments receivable.

- (xi) The Company has neither identified the location of the office premises nor has its identified personnel to be posted for the proposed Upgradation of products to international standards.

MP: The management does not foresee any difficulty in obtaining the office premises at the locations where the Company wants to expand its operation to. The management also does not foresee any difficulty in recruiting and posting the suitable personnel.

- (xii) The business of the Company is highly dependent on technology and therefore any change in technology may adversely affect the business.

MP: The technologies selected by the Company enjoy global support. Any change in the technology will be global, giving adequate time for strategy and transition. The Company has a competent technology team, which monitors the changes in the technology and in turn upgrades the technology employed by the Company, from time to time.

- (xiii) The valuations in the Software/ IT industry are presently high, which may not be sustained in future and may also not be reflective of future valuations in the industry. There are no standard valuation methodology or accounting practices in the emerging internet/media and related industries. The financials of the company are not strictly comparable with the players in the industry.
- (xiv) The Company's revenues and profitability are dependent on a number of factors and may vary significantly from quarter to quarter. Therefore, the historical financial results may not be an accurate indicator of future performance.
- (xv) The Company's success depends in large part upon its senior management and key personnel and its ability to attract and retain them.
- (xvi) TelExcell Information Systems Limited has filed a case against the company and its directors, Mr. Annand Sarnaik and Mrs. Divyani Sarnaik with the Additional magistrate court of Girgaum, Mumbai. vide case no. 1202 of 2003 under Section 138 and 141 of the Negotiable Instruments Act for dishonor of cheques amounting Rs. 7,82,105.
- (xvii) As per the revised estimation made by the Management of the Company, there will be a delay of nine months in implementation of the project.

B. EXTERNAL TO THE COMPANY

- (i) The IT Industry is human-resource intensive and is dependent on individual skill sets, which may or may not be readily available or replaceable. Low availability of skilled manpower and high rate of employee turn over in the industry will lead to additional cost of investing in employee's training.

MP: About 60% of the higher-level staff have been with the Company for a minimum of 3 years. Employee turnover at lower level will not have a significant impact on the operations or profitability of the Company. Investment in training of people is a continuous process and is not directly related to attrition rates. The training expense is usually factored in to the cost of service provided.

- (ii) In the recent past the Company's export earnings have gone up exposing it to the exchange risk.

MP: The Company is expanding its presence domestically and is taking steps to balance its revenue streams.

- (iii) Changes in Government policies and regulatory environment in a particular country may have an impact on the Company's business.

MP: The Company is spreading its geographical risks to avoid any such possibility.

- (iv) The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue.

Notes to Risk Factors:

1. Pre-Issue Net worth of the Company as on March 31, 2005 is Rs.1149.01 lakhs and the size of the issue is Rs.1386.00 lakhs.
2. The average cost of acquisition of Equity Shares of the Promoter is Rs.5.52
3. Book value of the Equity Shares of the Company as on March 31, 2005 is Rs. 15.17 per share.
4. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no.70 before making an investment in this Issue.
5. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange.

6. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
7. Related party transactions are given as notes to account in Auditors Report on page no. 85 of this Prospectus.
8. No loans and advances have been made to any person(s) /Companies in which directors are interested.
9. The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits other than what has been disclosed under the caption, "Related party transactions" on page no. 85 of this Prospectus.
10. None of the business ventures of the promoters have business interest or other interest in the Company.

HIGHLIGHTS:

1. Paradyne is an existing profit making, dividend paying Company engaged in the business of computer software, system integration and managed services.
2. Paradyne has successful business alliances with world's leading technology companies.

PARADYNE INFOTECH LIMITED

(Paradyne Infotech Limited was incorporated as Private Limited Company on 5th December 1997 with the Registrar of Companies, Maharashtra, Mumbai. The Company got converted into Public Limited under Section 31/44 of the Companies Act, 1956 on 28th September 2004)

REGISTERED OFFICE : 801, Balarama Building, Bandra Kurla Complex, Bandra East, Mumbai - 400 051
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 Email: ipo@paradyne.co.in Website: www.paradyne.in

PUBLIC ISSUE OF 33,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PREMIUM OF RS.32/- EACH AGGREGATING TO RS. 13,86,00,000/- (HEREINAFTER REFERRED TO AS THE 'ISSUE').

PART - I

I. GENERAL INFORMATION

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide special resolution passed at the Extra Ordinary General Meeting of the Company held on December 15, 2004 and a resolution passed by the Board of Directors at its meeting held on December 15, 2004.

ELIGIBILITY OF THE COMPANY TO COME OUT WITH IPO

The Company is eligible to access the capital markets through this Initial Public Offering of equity shares as per clause 2.2.1 of Guidelines, as it fulfills the net worth, distributable profits and net tangible assets criteria (based on restated, unconsolidated financial statements) in the following manner:

- The Company has a networth of more than Rs.1 Crore in each of the preceding 3 full years.

Rs. In lakhs

Particulars	As at		
	31.03.05	31.03.04	31.03.03
Networth	1149.01	756.07	256.18

- The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956 for immediately preceding 3 years. The Company has declared and paid dividend for the last three years. The profits and dividend paid for the last three years is given below:

Rs. In lakhs

Particulars	For the year ended		
	31.03.05	31.03.04	31.03.03
Profit after Tax (PAT)	500.02	270.46	31.47
Dividend (%)	15%	24%	15%

- The Company's net tangible assets during the last three years ended 31st March 2003, 31st March 2004 and 31st March 2005 are given below:

Rs. In lakhs

Particulars	As at		
	31.03.05	31.03.04	31.03.03
Net Tangible Assets	1490.28	865.44	513.11
Monetary Assets	30.53	77.62	31.79
% of Monetary Assets to Net tangible Assets	2.05	9.00	6.20

The monetary assets in each of these years are not more than 50% of net tangible assets.

Net Tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities and non-trade investments).

4. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. Issue through Prospectus + firm allotment + promoters contribution through the Prospectus) does not exceed five times its pre-issue net worth as per the audited balance sheet of the last financial year.

Since the Company meets the track record specified above, the equity shares are offered in accordance with Clause 2.2.1 and 2.2.2A of the Guidelines wherein the prospective allottees are not less than one thousand (1000) in number.

PROHIBITION BY SEBI

The Company, its directors/ Promoters and persons in control, its subsidiaries, its associates and companies/entities with which the Company's directors/promoters and any of the Company's associates of group companies are associated as directors have not been prohibited from accessing/ operating in the capital markets under any direction or order passed by SEBI. The listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

DISCLAIMER CLAUSE:

A. SEBI DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SEBI, MUMBAI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PROSPECTUS. LEAD MANAGER, M/S KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS :

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THIS PROSPECTUS PERTAINING TO THE SAID ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- a. **THIS PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
- b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c. **THE DISCLOSURES MADE IN THIS PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
3. **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF THIS PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENTS OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER (S) ANY IRREGULARITIES OR LAPSES IN THIS PROSPECTUS.

B. GENERAL DISCLAIMER:

Investors may note that the Company accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at the instance of the Company or the Lead Manager and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

All information shall be made available by the Lead Manager and the Issuer to the members at large and no selective or additional information would be available for a section of the members in any manner whatsoever.

The Issuer and Lead Manager are obliged to update the Prospectus and keep the public informed of any material changes till the listing and trading commencement.

C. 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, 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, or under any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, and FIIs as defined under the applicable Indian laws. This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been 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.

The draft Prospectus has been filed with SEBI for its observations and SEBI has given its observations and that the final Prospectus has been filed with the Registrar of Companies, Maharashtra at Mumbai as per the provisions of the Companies Act, 1956.

D. DISCLAIMER CLAUSE OF Bombay Stock Exchange Limited (BSE/Designated Stock Exchange):

As required, a copy of this Prospectus has been submitted to BSE. The BSE has given vide their letter dated 4th May, 2005 permission to the Company to use the BSE's name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinized this Prospectus for its limited internal purpose of deciding the matter of granting the aforesaid permission to the Company.

The BSE does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii) Warrant that this Company's securities will be listed or will continue to be listed on the exchange;
- iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

E. DISCLAIMER CLAUSE OF The National Stock Exchange of India Limited, Mumbai (NSE):

As required, a copy of this Prospectus has been submitted to NSE. The NSE has given vide their letters dated 18th May, 2005 and 13th September 2005 permission to the Company to use the NSE's name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The NSE has scrutinized this Prospectus for its limited internal purpose of deciding the matter of granting the aforesaid permission to the Company.

The NSE does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or

- ii) Warrant that this Company' securities will be listed or will continue to be listed on the exchange;
- 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.

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F. DISCLAIMER FROM THE ISSUER

Investors may note that the Issuer, Paradyne Infotech Limited accepts no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the Company or the Lead Manager and that any one placing reliance on any other source of information would do so at their own risk.

FILING

A copy of this Prospectus, has been filed with SEBI, B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of this Prospectus, along with documents required to be filed under Section 60 of the Act has been delivered for registration to the Registrar of Companies, Maharashtra at Mumbai.

LISTING

Initial listing application has been made to Bombay Stock Exchange Limited (Designated Stock Exchange) and the National Stock Exchange of India Limited for permission to list the Equity Shares and for an official quotation of the equity shares of the Company. In case, the permission for listing of the Equity Shares is not granted by the said Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

GOVERNMENT / STATUTORY APPROVALS

The Company can undertake all the present and proposed activities in view of the present approvals and no further approvals from any government authorities/RBI are required by the Company to undertake the present and proposed activities except those approvals that may be required to be taken in the normal course of business from time to time.

The following approvals are already obtained by the Company:

1. Certificate of Incorporation bearing no. 11- 112281 of 1997 dated 5th December 1997 from the Registrar of Companies, Maharashtra.
2. Registration with Sales Tax Department, Maharashtra vide Registration No.400051/S-1324 dated 1st October 2000.
3. Registration with Central Sales Tax Department: vide Registration No. 400051/C-1034 dated 1st October 2000.
4. Works Contracts Registration with the Sales-tax Department, Maharashtra vide No. W/IH-895. dated 20th May 2000.
5. Service Tax Registration with the Central Excise Department vide No. STC No. MIV/ST/MRS/993/2004 dated 23rd October 2004.
6. Import Export Code - 0398025223 allotted by Ministry of Commerce, Government of India dated:12th August 1998.
7. Registration with Software Technology Park of India vide Registration No. MIT/STPI-MUM/2000/599 - Green Card No. 2632.

It must be specifically understood that in giving the above approvals, the respective Government/ Authority does not take any responsibility for financial soundness or correctness of the statements or any commitments made or opinions expressed by the Company.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, 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, the Company shall pay interest as per Section 73 of the Act.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Promoters and Directors accept full responsibility for the accuracy for the information given in the Prospectus and confirm that to the best of their knowledge and belief, there are no other facts, the omission of which make any statement in the Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this Issue or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus. The promoter/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to a mis-statement / mis-representation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Act.

CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company while filing the Prospectus to Stock Exchanges for in principle approval. The Company has already complied with relevant clauses of Corporate Governance and in this regard it has already broadbased its Board and has set up an Audit Committee, Remuneration Committee and Investors Grievances Committee.

IMPERSONATION

Attention of applicants is specifically drawn to sub-section (1) of Section 68-A of the Act, which is reproduced below:

"Any person who-

- i. Makes in a fictitious name, an application to a Company for acquiring, or subscribing for, any shares therein, or**
- ii. 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" as applicable under the provisions of law.**

UTILISATION OF ISSUE PROCEEDS

The Board certifies that -

- a. All monies received out of the Issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in sub-section (3) of Section 73 of the Act;
- b. Details of all monies utilized out of this Issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of this Issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the manner in which such unutilized monies have been invested;
- d. The utilization of monies received under Promoters' contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received under Promoters contribution and reservations, shall be disclosed under a separate head in the Balance Sheet of the Company indicating the manner in which such unutilized monies have been invested;

ISSUE OF ALLOTMENT LETTERS / REFUND ORDERS

The Company shall give credit to the Beneficiary Account with DPs within two (2) working days of finalization of the basis of allotment of Equity Shares. The Refund Orders shall be dispatched within a period of 10 weeks and in case of any delay in refund, interest shall be paid at the prescribed rate under section 73(2) / 73(2A) of the Act. The Company shall dispatch Refund Orders, if any, of value up to Rs.1,500/- by "Under Certificate of Posting", and will dispatch Refund Orders above Rs.1,500/- if any, by Registered Post or Speed Post at the sole or first applicant's sole risk. In accordance with the Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment and transfer of Equity Shares will be made only in dematerialized form within 30 days from the Issue closing date.
- Dispatch of Refund Orders will be done within 30 days from the Issue closing date

- The Company shall pay interest at 15% per annum (for delay beyond 30 days time as mentioned above), if transfer is not made, Refund Orders are not dispatched and/or demat credit are not made to investors within 30 days as prescribed above.

The Company will provide adequate funds, required for dispatch of Refund Orders or allotment advice, to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a Bank appointed by the Company, as refund banker(s) and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

ISSUE PROGRAMME

THE SUBSCRIPTION LIST WILL BE KEPT OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSING OF BANKING HOURS ON THE DAYS AS MENTIONED BELOW:

ISSUE OPENS ON	:	SEPTEMBER 30, 2005
ISSUE CLOSSES ON	:	OCTOBER 07, 2005

ISSUE MANAGEMENT TEAM

Lead Managers to Issue

Karvy Investor Services Limited

"Karvy House",
46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad - 500 034
Tel. No. +91 40 23374714
Fax No. +91 40 23374714
Email: mbd@karvy.com

Registrars to the Issue

Bigshare Services Pvt Ltd

E-2, Ansa Industrial Estate
Sakivihar Road
Saki Naka, Andheri(E)
Mumbai 400 072
Tel.:+91 22 28473747/28473474
Fax : +91 22 28475207
Email: bigshare@bom7.vsnl.net.in
SEBI Regn No.INR000001385

Legal Advisors

Messrs. Udewadia & Udeshi

Advocates & Solicitors,
Thomas Cook Building, 2nd & 3rd Floor,
D N Road, Fort,
Mumbai - 400 001.
E-mail: uubbom@uubindia.com
Telephone No. +91 - 022- 22883345

Auditors to the Company

Nilesh M. Kapadia & Co.,

Chartered Accountants,
205, Apollo Complex, R K Singh Marg,
Off Old Nagardas Road, Andheri East,
Mumbai - 400 069

Bankers to the Company

Corporation Bank

Baitul Sharaf, 105, Hill Road,
PB No. 16658, Bandra West,
Mumbai 400 050.

Mandvi Co-operative Bank Ltd

Vyapar Bhavan, 1st Floor,
49, P. D'Mello Road, Carnac Bunder,
Mumbai - 400 009.

HDFC Bank Limited

Bandra Ocean View CHS,
Near Mehboob Studio, Hill Road,
Bandra West, Mumbai - 400 050

Central Bank of India

Mumbai main Branch,
Mahatma Gandhi Road,
Mumbai- 400023.

Compliance Officer:

Mr. Amit Prakash Jaste

Company Secretary,
801, Balarama Building, Bandra-Kurla Complex,
Bandra East, Mumbai - 400 051
Tel: + 91 - 022- 5696 3333 Fax: + 91 - 022 - 5696 3344
Email: cs@paradyne.co.in

Investors may note that in case of any pre Issue/ post Issue related problems such as non-receipt of letters of allotment / share certificates / refund orders, etc. they should contact the Compliance Officer.

CREDIT RATING/DEBENTURE TRUSTEE

This being Public Issue of equity shares, neither Credit Rating nor appointment of Debenture Trustee is required.

UNDERWRITERS TO THE ISSUE

The equity shares being offered are not being underwritten.

UNDERTAKING BY THE ISSUER COMPANY

The Company undertakes that

1. The Investors complaints received in respect of proposed public issue shall be attended expeditiously and satisfactorily.
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where listing is proposed will be taken within 7 working days of finalization of the basis of allotment.
3. The Issuer will provide adequate funds to the Registrars to the Issue to dispatch the Allotment Letters/ Refund Orders by Registered Post / Certificate of Posting as the case may be.
4. The Refund orders to the non-resident Indians shall be dispatched within the specified time.
5. No further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

Bankers to the Issue

ICICI Bank Limited

Capital Market Division,
30, Mumbai Samachar Marg,
Fort Mumbai - 400 001
Tel.: +91-22-22655285 Fax: +91-22-22611138
Website: www.icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

HDFC Bank Limited,

HDFC Bank House, Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013.
Tel: +91-22-28569228 Fax: +91-22-28569256
Website: www.hdfcbank.com
Contact Person: Mr. Rahul Sampat

Corporation Bank

Investment and International Banking Division
15, Mittal Chambers,
Nariman Point, Mumbai - 400 021
Tel.: +91-22-22023304 Fax: +91-22-22851715
Website: www.corpbank.com
Contact Person: Mr. N K Joshi

II. CAPITAL STRUCTURE OF THE COMPANY

Sr. No.	Particulars	Nominal Value (Rs.)	Aggregate Value (Rs.)
A	AUTHORISED CAPITAL: 1,20,00,000 equity shares of Rs.10/- each	12,00,00,000	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 75,76,698 Equity Shares of Rs.10/- each (Of the above, 33,91,706 Equity Shares of Rs.10/- each were allotted as fully paid up by way of bonus issue of shares)	7,57,66,980	7,57,66,980
C	PRESENT ISSUE TO PUBLIC 33,00,000 equity shares of Rs.10/- each at a premium of Rs.32/- per share.	3,30,00,000	13,86,00,000
D	PAID-UP CAPITAL AFTER THE PRESENT ISSUE 1,08,76,698 equity shares of Rs.10/- each	10,87,66,980	10,87,66,980
E	SHARE PREMIUM ACCOUNT Before the Issue After the Issue		Nil 10,56,00,000

Notes to Capital Structure:

1. CAPITAL HISTORY

Details of increase in authorized capital

Sr. No	Particulars of Increase	Date of Meeting
1	Rs. 5,00,000	Incorporation
2	From Rs. 5,00,000 to Rs. 50,00,000	22.03.2001
3	From Rs. 50,00,000 to Rs. 3,00,00,000	25.02.2002
4	From Rs. 3,00,00,000 to Rs. 9,00,00,000	24.03.2004
5	From Rs. 9,00,00,000 to Rs.12, 00,00,000	15.12.2004

2. Capital build-up:

Date of Allotment	Date when fully paid- up	No of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Cumulative Total	% of post issue Capital	Lock-in-period#
05.12.1997	05.12.1997	20	10	10	Cash	20	Negligible	\$
10.02.2001	10.02.2001	43,050	10	10	Cash	43,070	0.40%	\$
31.03.2001	31.03.2001	3,90,000	10	10	Cash	4,33,070	3.58%	\$
27.03.2002	27.03.2002	8,66,140	10	Nil	2 : 1 Bonus by capitalization of reserves	12,99,210	7.96%	\$
15.04.2003	15.04.2003	11,07,122	10	10	Cash	24,06,332	10.18%	\$
31.03.2004	31.03.2004	26,44,800	*10	10	Cash	50,51,132	24.32%	\$
30.09.2004	30.09.2004	25,25,566	10	Nil	1:2 Bonus by capitalization of reserves	75,76,698	23.22%	&

*On 24th March 2004 the Company made a split of its equity share of Rs.10/- each into two equity shares of Rs.5/- each. Subsequently, on 6th September 2004 the Company reconstituted its equity shares of Rs.5/- into Rs.10/- each. Accordingly the allotment here is shown at the reconstituted issue price of Rs. 10/- each.

- # The lock in will start from the date of allotment in the present public issue and the last date of the lock in shall be reckoned as 3 years/1 year from the date of commencement of commercial production or from the date of allotment in the public issue, whichever is later.
- & 14,72,621 Equity Shares pertaining to Mr. Annand Sarnaik and 7,02,800 Equity Shares pertaining to Mrs. Divyani A Sarnaik will be subject to lock in for a period of 3 years and the balance shares (i.e. 54,01,277 Equity Shares) will be subject to lock in for a period of one year.
- \$ These shares will be subject to lock in for a period of one year.

Details of capitalization of reserves by the Company in the past.

Date of allotment of bonus shares	Ratio of bonus Issue	No. of Equity Shares of Rs.10/- each issued as bonus	Amount of reserves capitalized.
27.03.2002	2:1	8,66,140	Rs.86,61,400/-
30.09.2004	1:2	25,25,566	Rs.2,52,55,660/-

	Category	No. of shares held	Percentage of shareholding
A	Promoter's holding		
1	Promoters		
	- Indian Promoters	70,60,226	93.18
	- Foreign Promoters	---	
2	Persons acting in Concert*	4,69,222	6.20
	Sub-Total	75,29,448	99.38
B	Non-Promoters Holding		
3	Institutional Investors	--	--
a.	Mutual Funds and UTI	--	--
b.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	--	--
c.	FII's	--	--
	Sub-Total	--	--
4	Others		
a.	Private Corporate Bodies	--	--
b.	Indian Public	--	--
c.	NRIs/OCBs	--	--
d.	Any other - Employees	47,250	0.62
	Sub-Total	47,250	0.62
	GRAND TOTAL	75,76,698	100.00

* Persons acting in concert includes relatives of promoters and other investors.

3. Promoters contribution and lock in period

Name	Date of Allotment /Fully paid-up	Consideration	No of Shares	Face Value	Issue Price	% of post-issue Capital	Lock-in period *
Mr. Annand Sarnaik	05.12.1997	Cash	10	Rs. 10	Rs. 10	Negligible	1 year
	10.02.2001	Cash	4,000	Rs. 10	Rs. 10	0.04	1 year
	31.03.2001	Cash	1,30,000	Rs. 10	Rs. 10	1.19	1 year
	27.03.2002	Bonus	2,68,020	Rs. 10	-	2.46	1 year
	15.04.2003	Cash	4,72,727	Rs. 10	Rs. 10	4.35	1 year
	24.06.2003 (transfer)	Cash	4,30,485	Rs. 10	-	3.96	1 year
	31.03.2004	Cash	16,40,000	Rs. 10	Rs. 10	15.08	1 year
	30.09.2004	Bonus	14,72,621	Rs. 10	-	13.54	3 years
Ms. Divvyani A. Sarnaik	05.12.1997	Cash	10	Rs. 10	Rs. 10	Negligible	1 year
	10.02.2001	Cash	23,550	Rs. 10	Rs. 10	0.22	1 year
	31.03.2001	Cash	1,30,000	Rs. 10	Rs. 10	1.19	1 year
	27.03.2002	Bonus	3,07,120	Rs. 10	-	2.82	1 year
	15.04.2003	Cash	5,60,895	Rs. 10	Rs. 10	5.16	1 year
	31.03.2004	Cash	7,40,000	Rs. 10	Rs. 10	6.80	1 year
	30.09.2004	Bonus	8,80,788	Rs.10	-	8.10	7,02,800 shares will be subject to lock in for 3 years and balance for one year

Shareholding of promoter group

Name	Date of Allotment /Fully paid-up	Consideration	No of Shares	Face Value	Issue Price	% of post-issue Capital	Lock-in period *
Nikhil Sarnaik	10.02.2001	Cash	2000	Rs.10	Rs.10	0.02	1 year
	27.03.2002	Bonus	4000	Rs.10	-	0.04	1 year
	15.04.2003	Cash	73500	Rs.10	Rs.10	0.67	1 year
	31.03.2004	Cash	100000	Rs.10	Rs.10	0.92	1 year
	30.09.2004	Bonus	89750	Rs.10	--	0.82	1 year
N. Anil Kumar	31.03.2004	Cash	36,000	Rs.10	Rs.10	0.33	1 year
	30.09.2004	Bonus	18000	Rs.10	---	0.16	1 year
N Lalit Kumar	31.03.2004	Cash	1,000	Rs.10	Rs.10	Negligible	1 year
	30.09.2004	Bonus	500	Rs.10	---	Negligible	1 year
Archana Sangamnerkar	31.03.2004	Cash	1,500	Rs.10	Rs.10	0.01	1 year
	30.09.2004	Bonus	750	Rs.10	---	Negligible	1 year

* The lock in will start from the date of allotment in the present public issue and the last date of the lock in shall be reckoned as 3 years/1 year from the date of commencement of commercial production or from the date of allotment in the public issue, whichever is later.

The Company confirms that the minimum Promoter contribution does not consist of:

- a) Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.

- b) Securities issued during the preceding one year, at a price lower than the price at which equity shares is being offered to public.
- c) Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- d) Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters contribution subject to lock-in.
- e) Shares issued to promoters on conversion of partnership firms into limited company.
- f) Shares with a contribution less than Rs.25,000/- per application from each individual and contribution less than Rs.1,00,000/ - from firms and companies.

4. PRE-ISSUE AND POST-ISSUE SHAREHOLDING PATTERN:

Pre-Issue and post-Issue shareholding pattern of the Company assuming full subscription of the present Issue is given below:

Particulars	Pre Issue Capital		Post Issue Capital	
	No of Equity Shares	%	No of Equity Shares	%
Promoters and their Associates	75,29,448	99.38%	75,29,448	69.23%
Employees	47,250	0.62%	47,250	0.43%
Public	-	-	33,00,000	30.34%
Total	75,76,698	100.00%	1,08,76,698	100.00%

5. Pre and Post issue shareholding pattern of the Core Promoters

Name of the Promoter	No of Shares held	% of pre-issue capital	% of post-issue capital
Mr. Annand Sarnaik	44,17,863	58.31%	40.62%
Mrs. Divvyani A Sarnaik	26,42,363	34.87%	24.29%

6. The ten largest shareholders two years prior to date of filing of this Prospectus with ROC is as follows:

Sr. No.	Name of the Shareholder	No of Shares (of Rs. 10 each)	% to post-issue capital
1	Mr. Annand Sarnaik	8,74,757	8.04
2	Mrs. Divvyani A Sarnaik	10,21,575	9.39
3	Mr. Shantanu Rooj	4,30,490	3.96
4	Mr. Nikhil Sarnaik	79,500	0.73
5	Mr. Gopal Chandradas	10	-

7. The ten largest shareholders TEN DAYS prior to date of filing of this Prospectus with ROC is as follows:

Sr. No	Name of the Shareholder	No of Shares (of Rs. 10 each)	% to post-issue capital
1	Mr. Annand Sarnaik	44,17,863	40.62
2	Mrs. Divvyani A. Sarnaik	26,42,363	24.29
3	Mr. Nikhil Sarnaik	2,69,250	2.48
4	Mr. Nuthalapati Anilkumar	54,000	0.50
5	Mr. Rajendra Chodankar	45,000	0.41
6	Mrs. Radha Chaware	33,750	0.31
7	Mr. Shakeel Sardar	30,000	0.28
8	Mr. Jayant Mitra	7,500	0.07
9	Mr. Rushikesh Shukla	7,500	0.07
10	Mr. Subhash Chowdhari	7,500	0.07

8. The ten largest shareholders on the date of filing of this Prospectus with ROC is as follows:

Sr. No	Name of the Shareholder	No of Shares (of Rs. 10 each)	% to post-issue capital
1	Mr. Annand Sarnaik	44,17,863	40.62
2	Mrs. Divvyani A. Sarnaik	26,42,363	24.29
3	Mr. Nikhil Sarnaik	2,69,250	2.48
4	Mr. Nuthalapati Anilkumar	54,000	0.50
5	Mr. Rajendra Chodankar	45,000	0.41
6	Mrs. Radha Chaware	33,750	0.31
7	Mr. Shakeel Sardar	30,000	0.28
8	Mr. Jayant Mitra	7,500	0.07
9	Mr. Rushikesh Shukla	7,500	0.07
10	Mr. Subhash Chowdhari	7,500	0.07

9. A total 73,87,226 Shares are held by the Promoters Group. The Promoter Group/ directors of the Company/ directors of the Promoter have not purchased and or sold/ financed any shares of the Company during the past six months.
10. The Issuer, its promoters, its directors and the Lead Manager to this Issue have not entered into any buy back and/ or stand by arrangements for purchase of equity shares of the Company from any person in respect of this Issue.
11. There are no outstanding warrants, options or rights to convert debentures or other instruments into equity shares as on date. The Company does not currently have any Employee Stock Option Plan
12. The Company has not raised any bridge loan against the proceeds of this Issue.
13. The Company had 28 members/shareholders as on September 16, 2005.
14. No single applicant can make an application for number of securities, which exceeds the securities offered through this Issue.
15. The Company has not issued any shares out of revaluation reserves.
16. The equity shares of the Company are available in dematerialized mode and the market lot is one equity share. The Company undertakes that at any given time there shall be only one denomination for the shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
17. The Company has not issued any shares for consideration other than cash (other than by capitalization of reserves).
18. The Company undertakes that 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 Prospectus with SEBI until the equity shares offered through this Prospectus have been listed.
19. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of equity shares or further issue of equity shares (including issue of securities convertible into exchangeable, directly or indirectly for equity shares) whether preferential or otherwise. If the Company goes in for acquisitions and joint ventures the Company might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.
20. No shares have been allotted on firm basis or through private placement in the last two years nor has the Company bought back its equity shares in the last six months.
21. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to retail individual investors applying for Equity Shares for a value of not more than Rs.50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for Equity Shares for a value more than Rs.50,000/- and corporate bodies/institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.

22. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment being equal to 150, which is the minimum application size in this Issue, while finalizing the allotment.
23. In terms of the clause 6.4.2.1 (g) of the Guidelines, the Securities offered through this Public Issue shall be made fully paid up or may be forfeited within 12 months from the date of the allotment of the Securities.
24. The post issue promoters holding will be 64.91%. In terms of the guidelines, 20% of the post issue capital will be in locked-in for 3 years and the balance holding will be in locked-in for 1 year.
25. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter / Promoter group or to a new Promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with Banks or Financial Institutions as additional security for loans whenever availed by them from Banks or Financial Institutions.
26. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

III. TERMS OF THE PRESENT ISSUE

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on December 15, 2004 and a resolution passed by the Board of Directors at its meeting held on December 15, 2004.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the Equity Shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

Face Value:

Each equity share shall be of Face value of Rs.10/-

Terms of Payment:

The Applications should be for minimum of 150 equity shares and in multiples of 150 equity shares thereafter. **Entire amount of Rs.42/- per share is payable on application.**

Where an applicant is allotted lesser number of Equity Shares than he/she has applied for, the excess amount paid on application shall be refunded to Applicant.

Interest In Case of Delay On Allotment/Dispatch

The Company agrees that -

- a. as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. it shall pay interest @ 15% per annum if the allotment has not been made and the allotment letters/refund orders have not been dispatched to the investors within 30 days from the date of the closure of the issue.

Rights of the equity share holders

1. To receive dividend, if declared.
2. To attend general meeting and exercise voting rights unless prohibited by law.
3. To vote either personally or by proxy.
4. To receive offer for rights shares and be allotted bonus shares.
5. To receive surplus on liquidation.
6. Such other rights, as may be available to a shareholder of a public limited company under the Companies Act, 1956.

Ranking of equity shares

The equity shares to be issued shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing equity shares of the Company including rights in respect of dividends.

Market Lot

In terms of Section 68B of the 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 our Equity Shares is in dematerialized mode, the tradable lot is one Equity Share.

Arrangement for disposal of odd lot shares

The Company has not made any arrangements for disposal of odd lot shares arising out of this issue as the tradable lot is one.

Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an issue that is oversubscribed shall be subject to the reservation of Retail individual investors as described below:

- a) A minimum 50% of the net offer of Equity Shares to the public shall initially be made available for allotment to retail individual investors, as the case may be.
- b) The balance net offer of equity shares of the public shall be made available for allotment to:
 - i) individual applicants other than retail individual investors, and;
 - ii) other investors including Corporate bodies/institutions irrespective of the number of shares, debentures, etc. applied for.

The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative of the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director to BSE(designated stock exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 death of the original holder(s), shall in accordance with Section 109A of the 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 of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Transfer Agents of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either: a. to register himself or herself as the holder of the Equity Shares; or b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

Availability of Prospectus and Application Forms

Form 2A, the Memorandum containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

Application may be made by

- (a) Indian nationals resident of India who are adult individuals in single name or joint names (not more than three)
- (b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- (c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares.
- (d) Indian Mutual Funds registered with SEBI.
- (e) Indian Financial Institutions and Banks.
- (f) Venture Capital Funds / Foreign Venture Capital investors registered with SEBI.
- (g) State Industrial Development Corporation.
- (h) Insurance Companies registered with Insurance Regulatory and Development Authority;
- (i) Provident Funds with minimum corpus of Rs.25 Crore;

- (j) Pension Funds with minimum corpus of Rs.25 Crore;
- (k) Trusts who are registered under the Societies Registration Act, 1860 or any other trust law and are authorized under its constitution to hold and invest in shares.
- (l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from the Reserve Bank of India.
- (m) Non-Resident Indians (NRIs) on non-repatriable / repatriable basis.
- (n) Foreign Institutional Investors (FIIs)

Applications cannot be made by

- a) Minors
- b) Foreign Nationals (except NRIs)
- c) Overseas Corporate Bodies (OCBs)
- d) Partnership firms or their nominees

Subscription by NRIs/ FIIs

There is no reservation and separate Application Form for NRIs and FIIs and all NRI and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

A. GENERAL INSTRUCTIONS

1. Application must be made in the prescribed Application Form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 150 Equity Shares and in multiples of 150 shares thereafter. An applicant in the public category can make an application only for a maximum of Equity Shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
4. **Bank Account Details of Applicant:**

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrars will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

5. Applications under Power of Attorney:

In case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the Case may be, must be lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the Application Form, indicating the serial number of the Application Form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

6. PAN/ GIR Number

Where applicant is/are for Rs. 50,000 or more, the applicant or in the case of an applicant in joint names, each of the applicant, 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 Applicant should not submit the GIR number instead of the PAN as the applicant is liable to be rejected on this ground. In case the Sole/ First applicant and Joint applicant (s) is/are not required to obtain PAN, each of the applicant (s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant (s) have applied for PAN which has not yet been allotted each of the applicant (s) should mention "Applied for" in the applicant each of the Joint applicant (s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a

permanent account number and who enters into any transaction specified in rule 114B), 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 applicants are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

7. Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.

8. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

9. Multiple Applications

An Applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first Applicant is one and the same.

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications.

A separate single Cheque/draft must accompany each Application Form.

10. Stockinvest

Investors will not have the facility of applying through Stockinvest instrument, as RBI has withdrawn the Stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/24.47.001/2033-04 dated 5.11.2003.

Note:

Applicants are requested to write their names and the serial number of the Application Form on the reverse of the instruments, by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

B. PAYMENT INSTRUCTIONS

1. Payment shall be made only by way of cash or Cheque/ demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a Co-operative Bank, which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centers.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form should be payable in the name of "**Paradyne -Public Issue**" and **crossed "A/C payee only"**.
4. If the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee Cheque/ or Bank Draft in terms of Section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at any of the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Company or to the Lead Managers to the Issue.

Application Forms along with Bank drafts payable at Mumbai can also be sent by registered post with acknowledgement due to the Registrars to the Issue, Bigshare Services Private Limited so that the same can be received before the closure of the subscription list. The envelopes should be super scribed with the words "**Paradyne Public Issue**".

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

For further instructions, please read the Application Form carefully.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the Application Form is accepted in part, the excess application money will be refunded to the Applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:-

- Bank account details are not provided
- Age is not mentioned
- Application by minors
- PAN No. or Form 60/61 is not given if the value of the application is for Rs.50,000/- or more
- Multiple applications
- In case of application under power of attorney by limited companies, corporate trusts etc., relevant documents are not submitted
- Applications accompanied by Stockinvest
- Applications by OCBs
- Applications not duly signed by the sole/joint applicants
- Application forms does not have the applicant depository account details
- Application not in multiples of 150 shares

BASIS OF ALLOTMENT:

For Net offer to the Public portion

In the event of public Issue of Equity Shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 150 shares as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.50,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/ Managing Director of the Designated Stock Exchange along with the Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.
2. The balance of the net Issue to Indian public shall be made available to investors including Corporate Bodies/ Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs.50,000/-.
3. The Unsubscribed portion of the net Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.

5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each Applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 150 shares per Applicant, the allotment shall be made as follows:
 - i. Each successful Applicant shall be allotted a minimum of 150 shares; and
 - ii. The successful Applicants out of the total Applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (6) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 150 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All Applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful Applicants in that category.
11. The balance shares, if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 150, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10 % of the net offer to public.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting and refund order over the value of Rs.1500/- by Registered Post only. The Company shall make available adequate funds to the Registrars to the Issue for this purpose.

EQUITY SHARE IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode).

Successful allottees in this Issue will be compulsorily allotted Equity Shares in dematerialized form. In this context, two Tripartite agreements have been signed between the Company, the Registrar to the Issue and the Depositories:

1. Copy of Tri-partite Agreement dated 8th April 2005 between NSDL, the Company and Bigshare Services Private Limited.
2. Copy of Tri-partite Agreement dated 27th May 2005 between CDSL, the Company and Bigshare Services Private Limited.

All investors can seek allotment only in dematerialized mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue, allottees may request their respective DPs for re-materialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account No. and DP ID No.) in the Application Form.
3. Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP).
4. Name(s) in the share Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

5. The Registrar to this Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
6. Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
7. The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Designated Stock Exchange is connected to NSDL and CDSL.
9. Trading in the Equity Shares of the Company would be in only dematerialized form for all investors.

Undertaking by the Company:

The Company undertakes:

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c. that the funds required for dispatch of Refund Orders/Allotment Letters/ Certificates by registered post shall be made available to the Registrar to the Issue by the Company;
- d. that the Certificates of the Equity Shares/Refund Orders to NRI applicants shall be dispatched within specified time;
- e. that no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that -

- a. All monies received out of the Issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in sub-section (3) of Section 73 of Act, 1956;
- b. Details of all monies utilized out of this Issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of this Issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the manner in which such unutilized monies have been invested;
- d. The utilization of monies received under Promoters' contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received under Promoters contribution and reservations, shall be disclosed under a separate head in the Balance Sheet of the Company indicating the manner in which such unutilized monies have been invested;

TAX BENEFITS TO THE COMPANY AND ITS MEMBERS

M/s Nilesh M. Kapadia & Co., Chartered Accountants and the Auditors of the Company, have certified vide their letter dated June 24, 2005 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to the Company and the members.

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

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

As per the provisions of Section 10 A 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 undertaking/s vis-a-vis the total turnover of the undertaking/s.

2. Under Section 32 of the Act, the company is entitled to claim depreciation on tangible and intangible assets as explained in that section.

3. Subject to compliance of certain conditions laid down in section 35 (1) (iv) of the Income Tax Act, in respect of any capital expenditure incurred other than the expenditure incurred on the acquisition of any land, on scientific research related to the business of the Company, to the extent of expenditure incurred.
4. The Company is eligible for amortisation of preliminary expenses being the expenditure on public issue of share under Section 35D (2) (c) (iv) of the Income Tax Act, subject to limits specified in sub section (3).
5. 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.
6. 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 conditions stipulated therein are satisfied.
7. 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.
8. 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;
9. 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;
10. 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.
11. 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

1. 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.
2. 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 conditions stipulated therein are satisfied.
3. 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.

4. 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.
5. 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.
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 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;
7. 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;
8. 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.
9. 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.
10. 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 FII and Foreign venture capital investors)

1. 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.
2. 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 conditions stipulated therein are satisfied.
3. 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.

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 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;
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 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;
7. 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.
8. 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.
9. 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 concessionally 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)

1. 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.
2. 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 conditions stipulated therein are satisfied.
3. 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.
4. 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).
5. 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.
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 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 the 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. Gifts of shares of the company to unrelated persons exceeding Rs 25,000 could however be taxed as income of the recipient in terms of section 56(1)(v) of the Act.

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.

IV. PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE:

The objects of the issue are:

- To expand and modernize the existing operations and upgrading the Products
- To set-up a Data Centre and Support Centre
- To upgrade Research & Development Lab and enhance quality certification to international standards
- To expand and upgrade the branch network in India
- To meet the issue expenses
- To invest in subsidiaries; and
- To get the shares listed on the Stock Exchanges.

The main objects, objects incidental and ancillary to the main objects and other objects of the Memorandum of Association of the Company enable the Company to undertake its existing activities and the activities for which the funds are being raised through this Issue.

COST OF THE PROJECT AND MEANS OF FINANCE

The estimated Cost of the Project and the proposed Means of Finance are as follows:

Cost of the Project

Sr. No.	Particulars	Amount Rs. In Lakhs	Amount Rs. In Lakhs
1	Upgradation of Products and Infrastructure.		
	a. Upgradation of Product	181.00	
	b. Upgradation of Infrastructure	195.00	
	c. Software Development Centre	<u>143.00</u>	519.00
2	Data Centre and Support Centre		357.00
3	Research & Development Lab and Enhancement of Quality Certification		
	a) Upgrading of research and Development Lab	29.00	
	b) Enhancement of Quality Certification	<u>30.00</u>	59.00
4	Investment in Subsidiary		375.00
5	Public Issue Expenses		75.00
6	Contingencies		16.00
	Total		1,401.00

Means of Finance

Sr. No.	Particulars	Amount Rs. in Lakhs
1	Public Issue of Equity Shares	1,386.00
2	Internal Accruals	15.00
	Total	1,401.00

Notes:

1. Any shortfalls in meeting project cost will be met through internal accruals and/or promoters contribution by way of unsecured loans.
2. No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or group company.

3. Pending utilization the proceeds will be invested in Bank deposits and/or Gilt Edged Government Securities, either directly or through Government Security based funds.
4. Firm arrangement of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the issue, has been made.
5. No promoter/director/group companies have any interest in any transaction in supply of machinery.

Appraisal

The project is not appraised by any Bank or Financial Institution.

Deployment of funds in the project

The company has incurred an expenditure of Rs.97,17,944/- upto August 31, 2005 towards public issue expenses (Rs.15,55,444/-) and Upgradation of products (Rs.81,62,500/-) from internal accruals of the Company. The fund deployment in the Project and its Means of Finance have been certified by M/s Nilesh M Kapadia & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company vide their certificate dated September 2, 2005.

Proposed deployment of funds in the project:

The year-wise breakup of proposed deployment of funds is mentioned below:

Rs. In lakhs

Particulars	Already Incurred	FY 2005-06		FY 2006-07	Total
		July - Dec. 05	Jan. - March 06	Apr. - Sept. 06	
Upgradation of Products And Infrastructure.	81.62	218.38	219.00		519.00
Data Centre and Support Centre		200.00	157.00		357.00
Research & Development Lab and Enhancement of Quality Certification		30.00	29.00		59.00
Investment in Subsidiary		111.00	88.00	176.00	375.00
Public Issue Expenses	15.55	59.45			75.00
Contingencies	-	16.00			16.00
Total	97.17	634.83	493.00	176.00	1401.00

Monitoring Agency

Corporation Bank, Baitul saraf, 105, Hill Road, Bandra (W), Mumbai - 400 050 has vide its letter dated April 25, 2005, given its consent to be Monitoring Agency for the utilization of the issue proceeds.

V. BRIEF DETAILS OF THE PROJECT:

The project involves building Large-scale, mission-critical applications such as server consolidation, mainframe re-hosting, high performance computing, decision support & data warehousing. Paradyne aims to provide a robust technology platform for its clients, including local and internal organizations and professionals, to foster technology innovation and growth in its business. The Company needs a high-speed, high-availability and high-bandwidth network to support the creation and delivery of different genres of digital contents, be it movies, videos, music or documents. At the same time, it needs to be open and scalable to support its launch of new services, and help ensure uninterrupted connections to external and overseas networks.

The detailed requirement is as follows:

1. Upgradation of Products and Infrastructure (Rs. 519.00 lakhs)

a. Upgradation of Products to Country Specific Standards. (Rs.181.00 Lakhs)

1. Complete Banking Solution (FinWorQs): The Company plans to employ 72 persons for a period of 6 months i.e., 432 man months expending Rs. 155.52 lakhs for technological up-gradation of the product from D2K. to J2EE as well as functional up-gradation of the Product.
2. Human Resource Information Management System (HrWorQ): A total of 12 persons for a period of 6 months i.e. 72 man months expending Rs. 25.92 lakhs is proposed to be spent for the up-gradation of the product to country-specific standards.

Product development and up-gradation will be undertaken by a team of professionals having the experience in J2EE technology with support from the product domain experts. Product development and R&D activities also involve the computer hardware & software, testing and reporting tools, training of professionals etc. The development for Upgradation of an FinWorQs & HrWorQ involves execution, intelligence, automation and optimization, which in turn will add more competence to the products. Company's products are already accepted by a number of customers in India and further deployment of funds on development of these products, will attract global customers and hence risk of not accepting the product is very minimal. Break up of estimated expenses has been made on incremental basis for the proposed project. Computer hardware and software, except for certain special software/tools, required for product development and R&D have been included under relevant heads.

b. Upgradation of Infrastructure (Rs. 195.00 Lakhs)

Apart from presence at Mumbai, the company has 6 branches at Bangalore, Chennai, Delhi, Indore, Nashik and Pune. The company is envisaging opening of 6 new branches at Baroda, GandhiNagar / Ahmedabad, Hyderabad, Kolkata, Lucknow and Nagpur to extend the geographical coverage of its operations. For all the branches the company intends to acquire offices on lease ranging from 600 sq. ft. to 1500 sq. ft. The leave-license deposit for all 9 branches (i.e. Upgradation of 3 branches and opening of 6 new branches) works out to Rs. 22.68 Lakhs. Besides, the company shall upgrade the infrastructure at its existing 3 branches at Bangalore, Chennai and Delhi. All the branches shall comprise of the following operational equipments:

- a. IBM 206 servers.
- b. IBM Thincentres
- c. IBM Thinkpads
- d. CISCO router
- e. Dlink 24 port switch
- f. HP printers

The total expenditure to be incurred on the above equipments is estimated at Rs. 61.17 Lakhs. Other Miscellaneous infrastructure facilities like furniture; fixture and office equipments at the above branches are expected to cost Rs.110.70 Lakhs.

c. Software Development Centre (Rs. 143.00 Lakhs)

For the expansion of development center the Company intends to recruit around 109 software professionals for which the following infrastructure is required,

- a. Sun Blade 150 W, workstations
- b. IBM ThinkCentre A50 (XP-Based)
- c. IBM ThinkCentre A50

Besides the above equipments, the Company envisages to spend an approx. amount of Rs. 39.24 lacs. on the training of 109 Software Developers. Thus the equipment cost for the Software Development Center including the equipments required for Upgradation of products is estimated as Rs. 104.24 lacs. The details of the equipments to be acquired are as follows:

Name of the Supplier	Description	Date of quotation	Qty.	Unit Price	Amount (Rs.)
Sun Microsystems	Sun Blade 150 Workstation 1*650 MHz UltraSPARC III processor 512 MB RAM, 80GB HDD 17" Color monitor with Sun Keyboard and Mouse	15.12.2004	15	2,85,124	42,76,860
IBM	IBM Thincentres IBM ThinkCentre A50 P4 2.8GHz, 533MHz FSB, 1MB L2 Cache, 256 MB DDR RAM 865 GV chipset 40GB HDD, 48X CD ROM Integrated Graphics 10/100 Ethernet Optical wheel mouse, Keyboard Win XP Professional 15' IBM Color Monitor	15.12.2004	47	37,440	17,59,680
IBM	IBM ThinkCentre A50 P4 2.8GHz, 533MHz FSB, 1MB L2 Cache, 256 MB DDR RAM 865 GV chipset 40GB HDD, 48X CD ROM Integrated Graphics, 10/100 Ethernet Optical wheel mouse, Keyboard DOS, 15' IBM Color Monitor	15.12.2004	137	32,032	43,88,384
	One months expenditure for 109 developers (109 X Rs.36,000/-)				39,24,000
	Total Cost				1,43,48,924

2. Data Center and Support Center (Rs. 357.00 lakhs)

For setting up a Data center the Company requires 2 (two) SF V880 4@1200MHz Servers Besides, Oracle Database Server and Application Server, CISCO Firewall, Messaging Server, APC Symmetra UPS, CISCO 24-Port Managed Switch, CISCO Router for all of its development activities and other services, will approximately cost around Rs.287 Lakhs.

The company is also going to start a 60-seater Support Centre for which the company plans to acquire 5000 Sq. ft. premises on lease. The premises for the Data Center have been identified so that the project can start immediately after the funds are raised. The Company has entered into a memorandum of understanding on 31st May 2005 for taking the premises on lease and license The cost estimates include a lease-license deposit of Rs. 15 Lakhs for setting up this Support Centre. Besides the company shall also acquire equipments, servers and software worth approximately Rs. 55 Lakhs for setting up the Support Centre. The total estimated cost for the support centre is Rs. 70 lakhs.

The details of the equipment proposed to be acquired by the Company for Data Centre are as under:

Name of the Supplier	Description	Date of quotation	Qty.	Unit Price (Rs.)	Amount (Rs.)
Sun Microsystems	A. DATA CENTRE 2*1.2GHz UltraSPARC III processors, 8GB of DRAM, 6*73GB 10K RPM FC hard disks, 2*FC-AL disk controller for External Storage Connectivity, 4*Gigabit Ethernet Ports DVD-ROM, Redundant Power Supply Solaris Operating System Unlimited User license	15.12.2004	2	28,87,487	57,74,974
Sun Microsystems	Sun StorEdge 3510 External Storage 2*RAID Controller 2GB Cache Memory 10*146GB 10Krpm FC-AL hard disks, Redudant Power Supply	15.12.2004	1	24,29,698	24,29,698
Sun Microsystems	Cluster Software Cluster Software for V880 Serves Oracle HA Cluster Agents Solaris Media Kit Cluster Agent, Software Media Kit.	15.12.2004	2 1 1 1	10,10,595	10,10,598
Sun Microsystems	Sun Blade 150 Workstation 1*650MHz Ultra SPARC Iii processor, 512MB RAM, 80GB HDD 17" Color Monitor with Sun Keyboard and Mouse	15.12.2004	1	2,85,124	2,85,124
Sun Microsystemes	Back-up Back-up Server - Sun Fire V240 Server, 2*1.2GHz UltraSPARC III processors, 2GB of DRAM, 2*73GB 10 Krpm Ultra 320 SCSI hard disks DVD-ROM, Redundant Power Supply Solaris Operating System Unlimited User license	15.12.2004	1	15,48,630	15,48,630
Sun Microsystems	LTO Gn2 Based Autoloader with 8 Slots with Veritas Backup Sun StorEdge (TM) L8 desktop autoloader, 1xLTO 2 LVD SCSI drive, 8 cartridge slots Veritas Netback up License, software media kit		1		
Sun Microsystems	MESSAGING SERVER Sun Fire V20z 1U Rack Mount x 86 Opteron 244 Server, 1x1.8GHz CPU, 1GB RAM (2x512MB DIMMs) 1x73GB 10K RPM Ultra 320 SCSI Disk 2x10/100/1000 Ethernet Ports 1xFull Height/Full-Length 64 bit 133 MHz PCI-X slot, 1xHalf Height/ Half Length 64 bit/MHz PCI Country Kit (Keyboard and Mouse) 17" SUN Monitor Messaging - Carazio Application	15.12.2004	1	2,05,625	2,05,625

Name of the Supplier	Description	Date of quotation	Qty.	Unit Price	Amount (Rs.)
APC	APC Symmetra 16KVA UPS	03.01.2005	1	12,50,000	12,50,000
Tech Pacific	ORACLE DATABASE SERVER Oracle 9i Enterprise Edition Per CPU Media ATS	06.12.2004	4 4 4	1,442,156 3,450 318,003	5,768,624 13,800 1,272,012
Tech Pacific	ORACLE APPLICATION SERVER Oracle 9i Enterprise Edition Per CPU Media ATS	06.12.2004	4 4 4	1,763,840 3,450 388,045	7,055,360 13,800 1,552,180
Tech Pacific	Cisco Firewall (P/No. PIX-515 E-UR-BUN) PIX 515E-UR Bundle (chassis,Unrestricted SW, 2 FE, VAC+)	06.12.2004	1	314,320	314,320
Tech Pacific	Cisco Managed Switch (P/No.WS-C2950-24) 24 port, 10/100 autosensing, autonegotiating Catalyst Switch	06.12.2004	1	46,145	46,145
Tech Pacific	Cisco Router (P/No.CISCO2611XM) Dual 10/100 Ethernet Router w/ Cisco IOS IP	06.12.2004	1	139,069	139,069
	B. SUPPORT CENTER Leave License Deposit (5,000 sq.ft)		6 months	Rs.50 per sq.ft	1,500,000
PARSEC	Equipment Cost with Servers				4,000,000
PARSEC	Software				1,500,000
	Total (A+B)				35,679,959
	SAY				35,700,000

3. Upgradation of Research & Development Lab and Enhancement of Quality Certification (Rs. 59.00 lakhs)

a. Upgradation of Research & Development Lab (Rs. 29.00 lakhs).

The Company's Research and Development Center fulcrums around science and technology of Application Development, Product Development, System Integration and Business Process Re-engineering. For the innovative and research oriented approach the company is upgrading their research labs with SUN Fire V20z Server, IBM x 225 Server, SUN fire V250, Robot Stress Testing Tool, Robot Functional Testing Tool, IBM Think Center M50 and IBM Think Centre A50. The total cost for installation of this equipment at the R & D Centre is estimated at Rs. 29 Lakhs.

b. Enhancement of Quality Certification (Rs. 30 lakhs)

As part of the ongoing drive to achieve the international standards for its products and processes, the company intends to obtain international certification for its products and processes during FY2005 and FY2006. The Company plans to have SEI CMM Level 5 certification. An experienced consultant will be recruited for advising the company on necessary process improvements and benchmarks to be achieved. The Company has initiated the process of identifying the expert consultants in the related field. The total cost on this account are estimated at Rs. 30 lakhs.

The details of the equipment proposed to be acquired by the Company for upgrading of R & D activity is as under:

Name of the Supplier	Description	Date of quotation	Qty.	Unit Price	Amount (Rs.)
IBM	IBM Servers IBMx225 Server Xeon @3.06 GHz Dual Processor capable 533 MHz FSB 512MB ECC DDR SD RAM, Dual Channel Ultra 320 SCSI Controller with RAID 1 Capability, 36 GB 10K rpm Ultra 320 SCSI Non-Hot Swap HDD, Gigabit Ethernet, One 425 W Power Supply, 15' IBM Color Monitor	15.12.2004	1	92,040	92,040
IBM	IBM Thinkcentres IBM ThinkCentre A50 P4 2.8GHz, 533MHz FSB, 1MB L2 Cache 256 MB DDR RAM 865 GV chipset 40GB HDD, 48X CD ROM Integrated Graphics 10/100 Ethernet Optical wheel mouse, Keyboard Win XP Professional 15' IBM Color Monitor	15.12.2004	2	37,440	74,880
IBM	IBM ThinkCentre A50 P4 2.8GHz, 533MHz FSB, 1MB L2 Cache, 256 MB DDR RAM, 865 GV chipset, 40GB HDD, 48X CD ROM Integrated Graphics, 10/100 Ethernet Optical wheel mouse, Keyboard 15' IBM Color Monitor	15.12.2004	1	32,032	32,032
IBM	IBM Softwares Robot Stress Testing Tool Robot Functional Testing Tool	15.12.2004	1 2	13,60,000 4,20,000	13,60,000 8,40,000
SUN	Sun Blade 150 Workstation 1*650MHz UltraSPARC Ili processor 512MB RAM, 80GB HDD 17' Color Monitor with Sun Keyboard and Mouse	15.12.2004	1	2,85,124	2,85,124
SUN	Sun W1100z Workstation Single Opetron 150 (2.4 GHz) Processor NVIDIA Quadra FX500 Graphics Accelerator 1GB PC 3200 (DDR-400) Memory (2*512MB DIMM), 80GB 7200rpm UltraATA - 100 Hard Disk, 1*DVD-ROM/CD-RW, 1 *10/100/1000 Base T Ethernet port 2.*Servial ports, 1*Parallel port, 5*USB 2.0 ports, 2*IEEE1394a ports 1*AGP8xPro110slot, 5*PCI-X slots 17' Color Monitor with Sun Keyboard and Mouse	15.12.2004	1	1,95,269	1,95,269
	Total Cost (A)				28,79,345
	SAY				29,00,000

B	Enhancement of Quality Certification	
1	Quality Certification SEI-CMM Certification	30,00,000
	Total Cost (A+B)	58,79,345
	SAY	59,00,000

4. Investment in Subsidiary (Rs. 375 lakhs)

The company currently has a wholly owned subsidiary called Sundune Corporation in USA. . This subsidiary shall look after the implementation and support functions as well as exclusively market the products of Paradyne. To enhance the functioning of marketing and support base, Paradyne wishes to make an investment of about Rs.375 Lakhs (equivalent to \$8,54,000) in this subsidiary. These investments shall meet the startup expenses, rent, overheads and salaries of 2 Marketing Personnel and 6 delivery heads to be recruited and posted in the region for a period of 12 months.

The detailed working of the investment in subsidiary is as under:

Particulars	No. of persons	Rate per person per month	Months	Total (US\$)
Marketing persons	2	10,000	12	2,40,000
Project manager	6	5,500	12	3,96,000
Rent		4,000	12	48,000
Overheads including travelling cost		10,000	12	1,20,000
Sub-total				8,04,000
Start up expenses				50,000
Total Expenses USD				8,54,000
Rate per USD				44
Total expenses in Indian Rupees				3,75,76,000
Say				3,75,00,000

The Company proposes to investment in the subsidiary in the form of equity. The Company will have the benefits by investing in the subsidiary:

- Marketing of the Company's products
- Getting overseas clients
- Revenue generation/addition to export income
- Global presence.

5. Public Issue Expenses (Rs. 75 Lakhs)

The Public Issue expenses are estimated at Rs. 75.00 lakhs as detailed below:

Sr. No	Particulars	Amount Rs in Lakhs
1	Lead Managers Fees	25.00
2	Registrars' Fees	5.00
3	Stationery	10.00
4	Statutory Advertisements	5.00
5	Road Shows/ Conferences	2.00
6	SEBI filing fees/ BSE Processing fees	1.00
7	Brokerage and other expenses	22.00
8	Postage (Registered post) Consolidated Stamp Duty, one-time fee payable to NSDL/CDSL connectivity etc.	5.00
	Total	75.00

6. Contingencies (Rs. 16 lakhs)

Contingencies have been estimated at approximately Rs. 16 lakhs to take in to account any price fluctuation on capital goods to be acquired due to change in Government policies or fluctuation in foreign exchange rates on account of remittances to be made to the US subsidiary.

The Company is not proposing for any working capital requirement in the proposed "cost of the project" as it proposes to meet its working capital requirements from existing bank limits and future internal accruals.

Project Implementation Schedule:

Sr. No.	Particulars	Original Start Date	Original Completion Date	Revised Start Date	Revised Completion Date
1.	Upgradation of Products and Infrastructure				
	a. Upgradation of Products	April 2005	September 2005	April 2005	March 2006
	b. Upgradation of Infrastructure				
	3 existing branches	April 2005	June 2005	Sept. 2005	Dec. 2005
	6 new branches	July 2005	September 2005	Dec. 2005	Mar. 2006
	c. Software Development Centres	April 2005	June 2005	Sept. 2005	Mar. 2006
2.	Data Centre & Support Centre	May 2005	August 2005	Sept. 2005	Mar. 2006
3.	Research & Development Lab and Enhancement of Quality Certification				
	R & D Lab	March 2005	April 2005	Sept. 2005	Mar. 2006
	CMM Certification	March 2005	September 2005	Sept. 2005	Mar. 2006
4.	Investment in Subsidiary	April 2005	December 2005	Sept. 2005	Sept. 2006

There is a delay in the Project Implementation as there was delay in obtaining the Statutory Approvals required for the IPO.

VI. COMPANY AND MANAGEMENT

BRIEF HISTORY OF THE COMPANY

Paradyne was promoted by first generation entrepreneurs - Annand Sarnaik and Divvyani Sarnaik - to start the business of providing Information Technology Services with an initial capital of Rs. 1 lac. Paradyne was incorporated with the Registrar of Companies, Maharashtra, Mumbai as Paradyne Infotech Private Limited on December 05, 1997 and was converted into a Public Limited Company on September 28, 2004. The registered office of the Company at the time of incorporation was at C-54, Panorama Park, Ashokvan, Borivili (E), Mumbai - 400 068. With effect from 1st April 2000 the registered office was shifted to 53 / 2476, Radheshyam, Gandhi Nagar, Bandra (E), Mumbai - 400 051 & w.e.f 30th March 2004 it is situated at 801, Balarama Building, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

In the initial years, the company provided System Integration and Networking Solutions and developing software solutions in Oracle and D2K technologies.

Over the years Paradyne has transformed and grown to become an ISO 9001:2000 certified end-to-end IT services company with core competencies in Software Services, Managed Services, System Integration, and BPO Services. Paradyne is one of the Level 1 Turnkey Solution Provider empanelled by Government of Maharashtra along with few selected major IT companies like IBM, TCS, Wipro, CMC, Tata Infotech, etc.

MAIN OBJECTS OF THE COMPANY

The Objects Clause of the Memorandum of Association of the Company enables it to undertake its present and proposed activities. The objects that permit the Company's main operations are:

Object III (A)(1)

To carry on the business to design, develop, encourage, host, promote, maintain, make, undertake contracts and sub-contracts, undertake research and development, undertake and provide services, provide consultancy and solutions for value, give or take on lease, license, hire, rent; process, purchase, sell, import, export, supply, manufacture, make, produce, run, transfer, train, teach, trade in, deal in; or act as agents, authorised representatives, advisors, brokers, consultants, distributors, stockiest, providers, research groups, or to engage in anyway, whether singly or jointly in collaboration, in association, in joint venture, or in tie-up with other entities, in all kinds and types of software developments and software business like software products, software systems, software applications and in particular for or related to information technology, communication, internet, intranet, networking, WAN, LAN and its related protocols, GIS/GPS mapping, world wide web, Internet or web portals, on-line exchanges for e-commerce, or other kind of nets, any sights, locations, web page designing, media (including multi-media), entertainment, animation, movies, television and radio programmes and their telecasting / broadcasting, satellite channels, satellite transponders and their receiving and other stations, developing of various types, means and modes of advertising, communication, transmitting data, information technology, publicity, representations, views, ideas, opinions, programs and software for on line applications, forms for interactive responses and like, and to do all such activities also in respect of computers, its firmware and hardware, communication and electronic hardware systems, information technology, turnkey projects for computer, communication and general electronic hardware and software systems, data collection, data entry, data warehousing, data archival, data duplicating, data processing, data transcription, digitization of information available in various forms, processing of these data and selling parts or whole of the processed or raw data, facilitating and providing solutions for e-commerce, e-business, e-banking, e-solutions, e-security, cyber technologies.*

(A) Objects Incidental Or Ancillary To The Attainment Of main Objects:

- (2) (a) To purchase, import, export, acquire, market, install, maintain, service, deal in apparatus of every description for industrial, commercial and domestic use and in particular Teleprinters, telecommunication equipments, Computers, business machines, electronic, machines, systems, electrical/electronic, mechanical and electromechanical, products, machines, apparatuses, appliances, custom products, merchandise, software systems, including machines and/ or systems for facsimile reproduction, facsimile transmission, facsimile transmission, facsimile reception, all types of computers, peripherals products, data processing, machines, calculators, accounting systems, copiers, Xerox machines, EPABX Telephone, terminal products, and systems, word processors and facilities, components, accessories, devices, spares of all kinds and machines systems, suppliers, articles, or things of character similar or analogous to the foregoing or any of them or connected with.
- (b) To carry on the business of running of training schools or other educational institutions, conducting training, seminars, recruitment and placement of trained employees / personnel and their placement on any assignment or job, conduct body shopping in all its forms, providing consultancy services in all the above areas as well as to do all the above activities in any of the areas of computer or electronics software, firmware, hardware, accessories, peripherals, gadgets, apparatuses, modems, multiplexes and other related tools and systems; and providing related consultancy, related technology and upgrading it from time to time, providing maintenance, engineering and other services in areas of internet, intranet, internet gateways, video conferencing, telephony, communication, computer networking, cyber cafe, system integration, computer applications, including repairing, upgrading and maintenance of such systems.

AMENDMENTS TO MEMORANDUM OF ASSOCIATION OF THE COMPANY.

a. Change in the name clause

The name of the Company was changed from Paradyne Infotech Private Limited to Paradyne Infotech Limited on 28.09.04 consequent upon conversion of the Company to Public Limited under Section 31/44 of the Companies Act, 1956.

b. Details of changes in the object clause:

The substitution of the Main Objects and the ancillary objects 2(a) and (b) as detailed above was done vide Resolution of the Company passed on November 15th 2004.

c. Details of increase/ reclassification of authorized capital

Sr. No	Particulars of Increase	Date of Meeting
1	Rs. 5,00,000 divided into shares of Rs. 10 each	Incorporation
2	From Rs. 5,00,000 to Rs. 50,00,000 divided into shares of Rs. 10 each	22.03.2001
3	From Rs. 50,00,000 to Rs. 3,00,00,000 divided into shares of Rs. 10 each	25.02.2002
4	From Rs. 3,00,00,000 to Rs. 9,00,00,000	24.03.2004
5	Subdivision of Equity Shares of Rs. 10 to Rs. 5 each	24.03.2004
6	Consolidation of Equity Shares of Rs. 5 to Rs.10 each	06.09.2004
7	From Rs.9, 00,00,000 to Rs.12, 00,00,000	15.12.2004

CORPORATE MILESTONES

The following are some of the significant milestones in Paradyne's corporate history:

Year	Milestone
1997	➤ Incorporated as "Paradyne Infotech Pvt. Ltd.
1998	➤ Business ties with reputed business houses like R. Raheja Group, Gujarat Pipavav Port Limited and Ajmera Group.
1999	➤ Indian Express (IE) awarded Nation wide contract for automation of Indian Express Locations across the Country.
2000	➤ Setup a Development Center in India at Millennium Business Park, Mahape, Navi Mumbai. ➤ Started 100% subsidiary operations in US by the name of Sundune Corporation. ➤ Awarded as "Excellence in Sales" by Sun Microsystems. ➤ Awarded as an "Outstanding Business Partner" by IBM Corporation.
2001	➤ Became ISO 9002 Certified Company, certified by QA International. ➤ Rated as 174th Company in India by Dataquest.
2002	➤ Made a foray in BFSI segment as a Turnkey IT Solution Provider.
2003	➤ ITSP (Information Technology Service Provider) Certified by Department of Information Technology Government of Maharashtra.
2004	➤ Became ISO 9001:2000 Certified Company, certified by QA International UKAS. ➤ Awarded as an "Outstanding Business Partner" by Sun Microsystems.

SUBSIDIARIES OF THE COMPANY

Intercon Management Services Private Limited

A. General Information:

Intercon Management Services Private Limited was incorporated on 7th February 1991 vide certificate of incorporation no. 11-60143 of 1991.

The authorized, issued, subscribed and paid-up capital of Intercon Management Services Private Limited is Rs. 1,00,000/- comprising 1000 equity shares of Rs. 100/- each. Paradyne Infotech Limited acquired 99.70% equity in this Company in February 2002.

The main object of this Company is to provide management services of all kinds and to act as Management Consultants in field of Industrial, Commercial, Administrative activities etc.

Shareholding pattern of the Company is as follows:

Name of Shareholder	% of Shareholding
Paradyne Infotech Limited	99.70
Others	0.30

The Board of Directors of the company comprises of Mr. Annand Sarnaik, Mrs. Divvyani A Sarnaik and Mr. Shantanu Rooj.

INTERCON MANAGEMENT SERVICES PRIVATE LIMITED

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. In Lakhs)

Particulars	Year ended 31.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Year ended 31.03.2005
A Income				
Service Charges	7.50	3.15	2.25	1.32
Other income	1.79	0.12	0.65	40.68
Total	9.29	3.27	2.90	42.00
B Expenditure				
Admin, Selling & Distribution Expenses	2.38	0.64	0.22	2.16
Depreciation	2.68	2.54	2.41	2.29
Interest	–	–	–	18.78
Total	5.06	3.18	2.63	23.23
C Net Profit before tax and extraordinary items	4.23	0.09	0.27	18.77
Taxation				
Current Income Tax	1.25	0.01	0.02	6.24
Deferred income tax	–	0.06	0.08	0.58
Prior Year Deferred Taxes Written back	--	–	–	0.49
D Net profit before extraordinary items	2.98	0.02	0.17	11.46
Add/(less): Extraordinary items	–	–	–	–
E Net Profit after extraordinary items	2.98	0.02	0.17	11.46

INTERCON MANAGEMENT SERVICES PRIVATE LIMITED

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In lakhs)

Particulars	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A. Fixed Assets				
Gross block	82.83	82.83	82.83	104.52
Less: Depreciation	(32.12)	(34.66)	(37.07)	(39.36)
Net block	50.71	48.17	45.76	65.16
Capital Work in progress	–	–	195.00	173.31
Total (A)	50.71	48.17	240.76	238.47
B Current Assets. Loans and advances				
Sundry Debtors	–	3.15	5.40	12.56
Cash and bank balances	0.27	0.36	0.21	1.06
Loans and advances	22.02	7.94	23.58	27.01
Total (B)	22.29	11.45	29.19	40.63

Particulars	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
C Liabilities and provisions				
Secured loans	–	–	210.00	200.30
Current liabilities	12.91	0.07	0.17	0.23
Deferred tax liability	–	7.80	7.88	7.98
Provisions	1.14	0.01	–	6.25
Total (C)	14.05	7.88	218.05	214.76
Networth (A+B-C)	58.95	51.74	51.90	64.34
D Represented by				
Share Capital	0.50	1.00	1.00	1.00
Reserves and Surplus	58.45	50.74	50.90	63.34
Total	58.95	51.74	51.90	64.34

Sundune Corporation, USA

A. General Information:

Paradyne Infotech Limited set up M/s. Sundune Corporation, a wholly owned Subsidiary Massachusetts, USA in January 2001. This subsidiary was setup to market and to support implementation of Paradyne products in the region of North America. The investment of Paradyne Infotech Limited in its subsidiary Sundune Corporation, USA towards the equity capital is USD 16000 (approx. Rs. 7.43 lakhs). The directors of the Company are Mr. Annand Sarnaik and Mr. Shantanu Rooj.

The main object of this Company as stated in the Articles of Organization is to provide consulting, engineering, programming and technical services of all manner and kind to the computer hardware and software industry; to assist the computer hardware and software industry in locating competent professional, managerial, engineering and technical staff.

SUNDUNE CORPORATION

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(In US Dollar)

Particulars	Year ended 31.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Year ended 31.03.2005
A Income				
Sales	–	28,600	1,500	7,440
Total	–	28,600	1,500	7,440
B Expenditure				
Admin., Selling and Dist. Expenses	10,199	26,677	58	6,993
Total	10,199	26,677	58	6,993
C Net Profit/(Loss) before tax and extraordinary items	(10,199)	1,923	1442	447
Taxes	–	624	517	–
D Net profit/(Loss) before extraordinary items	(10,199)	1,299	925	447
Add/(Less): Extra ordinary items	–	–	–	–
E Net Profit/(Loss) after extraordinary items	(10,199)	1,299	925	447

SUNDUNE CORPORATION
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(In US Dollar)

Particulars	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A. Current assets. Loans and Advances				
Account receivables	1,000	–	1,500	8,940
Cash and bank balances	7,657	9,580	9,522	7,461
Other current assets	–	1,000	1,000	1,000
Total (A)	8,657	10,580	12,022	17,401
B. Liabilities and Provisions				
Current liabilities	2,856	2,856	2,856	7,322
Provisions for taxes	–	624	1,141	456
Total (B)	2,856	3,480	3,997	7,788
C. Net Current Assets (A-B)	5,801	7,100	8,025	9,613
Networth (A-B)	5,801	7,100	8,025	9,613
D. Represented by				
Share Capital	16,000	16,000	16,000	16,000
Reserves and Surplus	(10,199)	(8,900)	(7,975)	(6,387)
Total	5,801	7,100	8,025	9,613

PAST FINANCIALS OF THE COMPANY
STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. In Lakhs)

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
A Income					
System Integration	2,607.92	3,169.79	3,052.42	4,245.70	5,061.25
Software Services	81.29	232.14	309.26	652.17	1,294.13
Managed Services	46.60	89.35	161.88	213.41	495.52
Other income	4.74	11.94	30.26	1.50	1.75
Total	2,740.55	3,503.22	3,553.82	5,112.78	6,852.65
B Expenditure					
Software Development , Purchases & Other Expenses	2,630.59	3,353.34	3,450.42	4,780.06	6,197.77
Interest	11.63	14.76	41.00	38.02	35.75
Depreciation & Amortization	6.54	12.42	19.38	18.89	37.40
Total	2,648.76	3,380.52	3,510.80	4,836.97	6,270.92
C Net profit before tax and adjustments	91.79	122.70	43.02	275.81	581.72
Taxation					
Current income tax	24.58	–	5.25	3.88	30.03
Deferred income tax	–	–	6.30	1.47	53.70
Prior year Deferred Taxes Written Back	–	–	–	–	(2.02)

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
D Net profit After Tax	67.21	122.70	31.47	270.46	500.02
Adjustments					
Impact of Change in Accounting Policies					
1) Provision for Retirement Benefits	-	-	(0.25)	-	-
2) Reversal of Provision of Retirement Benefit Written Back	-	-	(1.90)	-	-
Total Impact of Adjustment	-	-	(2.15)	-	-
Tax Impact of Adjustment	-	-	-	-	-
Total Impact of Adjustment after Tax	-	-	(2.15)	-	-
E Net Profit After Extra Ordinary Items	67.21	122.70	29.32	270.46	500.02

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. In Lakhs)

Particulars	As on 31.03.2001	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A Fixed Assets					
Gross Block	124.01	178.39	205.14	210.20	705.39
Less : Depreciation	(11.36)	(23.77)	(43.15)	(62.03)	(90.58)
Net Block	112.65	154.62	161.99	148.17	614.81
Capital Work in Progress	-	-	-	-	81.00
Total (A)	112.65	154.62	161.99	148.17	695.81
B Investments	-	204.25	204.75	204.75	204.76
C Current Assets, Loans and Advances					
Inventories	26.27	49.25	50.55	64.29	118.28
Sundry Debtors	523.61	603.56	624.06	1,229.70	850.38
Cash and Bank Balances	10.88	12.39	31.79	77.62	30.53
Loans and Advances	130.12	90.65	108.32	226.92	101.80
Total (C)	690.88	755.85	814.72	1,598.53	1,100.99
D Liabilities and Provisions					
Secured Loans	56.50	275.99	300.66	141.16	314.57
Unsecured Loans	-	83.70	27.04	4.45	5.93
Current Liabilities	581.78	565.30	546.14	960.20	317.53
Deferred Tax Liability	-	-	22.19	23.66	75.33
Provisions	33.39	8.71	29.25	65.91	139.19
Total (D)	671.67	933.70	925.28	1,195.38	852.55
Net worth (A+B+C-D)	131.86	181.02	256.18	756.07	1,149.01
E Represented by					
Share Capital	43.31	129.92	129.92	505.11	757.67
Share Application monies	-	-	83.71	-	-
Reserves and Surplus	88.60	51.14	42.58	250.98	391.36
Total (E)	131.91	181.06	256.21	756.09	1,149.03
F Less: Misc. Expenditure (to the extent not written off or adjusted)	(0.05)	(0.04)	(0.03)	(0.02)	(00.02)
Total G (E-F)	131.86	181.02	256.18	756.07	1,149.01

BUSINESS OF THE COMPANY

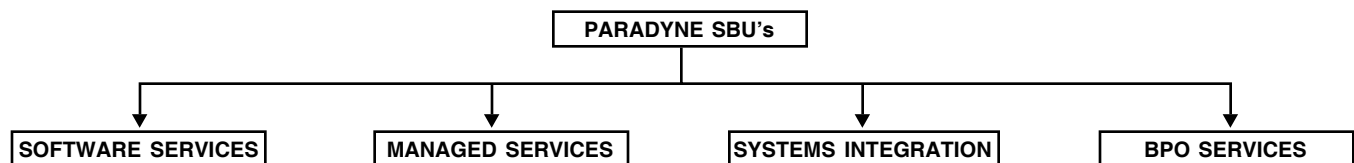
Paradyne offers comprehensive solutions designed to address business challenges across key facets of the enterprise, software that targets and solves industry-specific problems and an integrated suite of modular products designed to meet a range of focused information needs. Paradyne's operations and customer base spreads in India and US.

Paradyne's services and solutions for the enterprise are concentrated in the areas of e-Commerce, Business Intelligence, Business Process Management (BPM) and Customer Relationship Management (CRM). These are offered to specific industries like Banking & Finance, Education & Research, e-Governance, Manufacturing & Retail, Health Care and Telecom. Paradyne has a resource base of technology professionals, with expertise in Application Development, BPM, CRM, Systems Software, Systems Integration, Database Integration, Application Integration, Server Integration, Desktop & OS Integration, Network Integration, Security Integration and Storage Integration for these industries.

Being a human resource intensive company, Paradyne emphasizes building organizational capability in the areas of Proficiency Evaluation - selection, training, managing, and retaining human resource talent.

Paradyne has a customer-centric approach with total customer satisfaction as its goal. Delivery, being the backbone for the service industry such as this, Paradyne emphasizes on quality management. Paradyne's products and services are designed to deliver performance throughout the life cycle of solutions deployed by them. Paradyne's solutions are backed by adequate infrastructure and communication facilities with high-speed global connectivity, ISO certified quality processes and initiatives for continuous process improvement.

The Company's business is spread along four Strategic Business Units (SBUs) detailed below:



Software Services SBU:

Paradyne software services, gives a complete road map to the business process that helps customers to meet their current and future business requirements of the enterprise, which eventually increases efficiency & productivity effectively. Paradyne has a Software Development Centre with a capacity for 120 software professionals at MBP_IT_Park, New Mumbai.

Paradyne Software Services encompass:

- Application Development & Product Development
- Business Process Management (BPM)
- Customer Relationship Management (CRM)

Managed Services SBU:

Paradyne offers a selection of affordable, quality managed services with the option of selecting the program that best fits the organization's specific needs. Managed Services allow the organization to lower the cost of managing IT infrastructure by improving productivity / operational efficiencies while ensuring higher availability and optimization of IT infrastructure. Paradyne's Managed Services manage and support the organization's infrastructure through its customer support team to ensure that the systems are running optimally. This keeps costs down and performance in line with the business needs of the Organisation.

Paradyne Managed Services include:

- Facilities Management
- Networks Management
- Remote Management
- Disaster Recovery Management
- Maintenance Services
- Application Management
- Database Management

Systems Integration SBU

Paradyne's Systems Integration expertise helps to implement and integrate technology to achieve specific business objectives. Paradyne has a number of man-years experience in Systems Integration with a number of successful projects across segments.

Paradyne's Systems Integration capabilities enable the organization to minimize the risk of technology investment and deliver the ideal solutions suitable to the business needs. The thrust of this division is in consulting and integration services for enterprises like Banking & Financial, Educational & Research, e-Governance, Manufacturing & Retail, ISV's and Telecom.

Paradyne Systems Integration Services:

- IT Consultancy
- Database Integration
- Application Integration
- Server Integration
- Desktop & OS Integration
- Network Integration
- Security Integration
- Storage Integration

Paradyne has the scale and expertise to create useful solutions for the organization from consulting and planning to integrating technology solutions.

BPO Services SBU (BPOWorks)

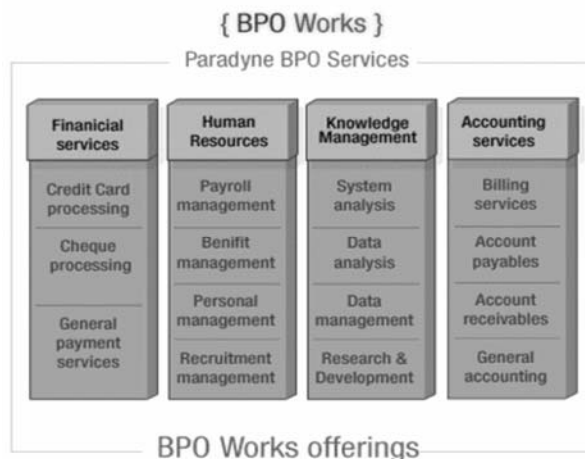
BPOWorks caters to the needs of Large Organizations that are looking at Business Process Outsourcing with an aim to achieve cost savings by handing over their business process to a third-party that can take advantage of economies of scale by doing the same work for many companies.

BPOWorks offers integrated solutions for a wide range of business process applications including Financial Services, Human Resource Management, Knowledge Management and Accounting Services. The Company further leverage its IT solutions expertise in multiple domains such as Banking & Finance, Education & Research, Resource Management, Retail, Health Care, Industry Automation and Technology Infrastructure among others, for in-depth business process understanding and quality execution.

BPOWorks focuses on those Clients who want to improve their productivity and operational efficiency by outsourcing its non-core business processes and in turn focus on its core business line. BPOWorks allow the customers to reduce their operational cost with optimal return of investment to a competitive edge in the industry.

Paradyne Business Process Outsourcing anthology includes end-to-end services across a range of business process in Financial Services, Human Resources, Knowledge Management and Accounting Services.

Paradyne BPO Services (BPOWorks) shown in the following scheme,



BPOWorks helps in improving the productivity and quality. BPOWorks helps to foray and succeed in new levels of business. Being a BPO provider, the Company creates value for the clients by investing in technology, infrastructure and processes. Paradyne customizes its solutions to meet client's specific needs for smooth functioning of related Business processes.

PARADYNE PRODUCTS:

Paradyne has developed two products namely HrWorQ a Suite of HRIMS and FinWorQs a Centralized Banking Solution for vending as well as for use at its BPOWorks.

HrWorQ PRODUCT TECHNOLOGY & ARCHITECTURE

Paradyne has developed software application products. These products have been developed using J2EE Technology Architecture.

- These application suites utilize leading edge technologies that support real-time, online, thin Client applications based on the advanced web technology platform of J2EE.
- This provides Clients with a scalable, flexible, and interoperable solution with high performance.
- These technologies reduce implementation time, minimize total cost of ownership, and support rapid and simple customization and enhancement.
- All applications are 100% web-centric, and are built on J2EE specifications using Java Beans, Java Server Pages, Servlets and HTML/ DHTML/CSS.
- Configuration and installation specific options are handled through XML and are stored in the database.
- The applications are developed for open platform and are not restricted to any Operating System, database, or hardware choices.
- Currently supported environments include Windows NT/2000, Sun Solaris, IBM AIX, and Linux operating platforms.
- Currently supported relational databases include Oracle 9i, MS SQL Server, My SQL and DB2.
- The applications are ported on all application servers, including IBM Web sphere, Oracle 9i, Sun JES and other best-suited servers.

Architecture:

Most J2EE web-based enterprise applications are split into three logical tiers, Presentation Tier, Business Logic Tier, and Enterprise Information System Tier.

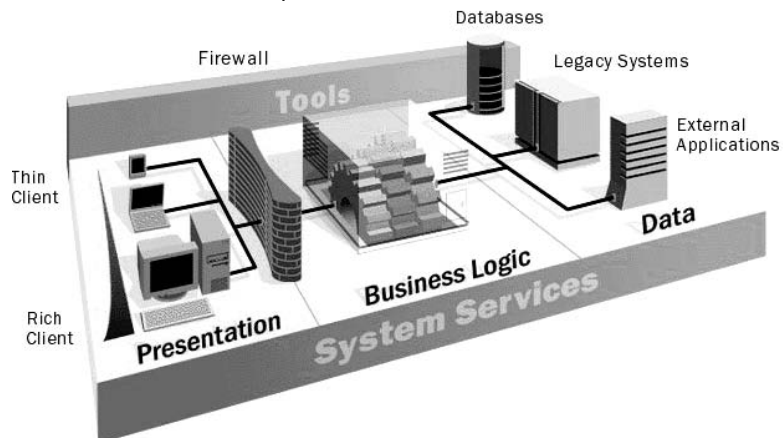
Presentation tier (Client side presentation): A J2EE application can support many types of Clients. J2EE Clients can run on laptops, desktops, palmtops, and cell phones. They can connect from within an enterprise's intranet or across the World Wide Web, through a wired network or a wireless network or a combination of both. They can range from something thin, browser-based and largely server-dependent to something rich, programmable, and largely self-sufficient systems.

This is the layer that is visible to the user and the side from where the application is accessed. The Client side uses pure HTML, CSS and Java Applet technologies. This allows the user to login from any machine using an internet browser alone. There is no dependency on any physical machine, location or local network to run the applications. This provides important flexibility to customers, whose operations are spread over multiple locations, terminals, hubs and consolidation centers. More importantly, access granted to enterprise customers is also through a browser, enabling the customer to access the application regardless of their operating systems or hardware configuration.

The business tier (Server side presentation): A J2EE application's business tier makes the application's business logic available on the World Wide Web. The business tier handles all of a J2EE application's communication with Web Clients, invoking business logic and transmitting data in response to incoming requests. While business logic is often implemented as enterprise beans, it may also be implemented entirely within the business tier. The presentation logic is handled by the JSP, which deliver the information sought by the browser. A JSP decides the format and logic in which the data retrieved from the database is displayed. Any change the user would like to make to labels or arrangement of the format can be easily achieved by changing the JSP. The business logic resides within the EJB container. The EJB handles the incoming data by processing it according to the business logic involved, and then by putting it into the correct tables in the database.

Enterprise information system tier: Enterprise information systems provide the information infrastructure critical to the business processes of an enterprise. Examples of EIS include relational databases, enterprise resource planning (ERP) systems, mainframe transaction processing systems, and legacy database systems.

The three-tier design makes the database safe by ensuring that the user has no direct access to the database. This is a key feature of the three-tier architecture. The schematic representation of Three Tire Architecture is as follow:



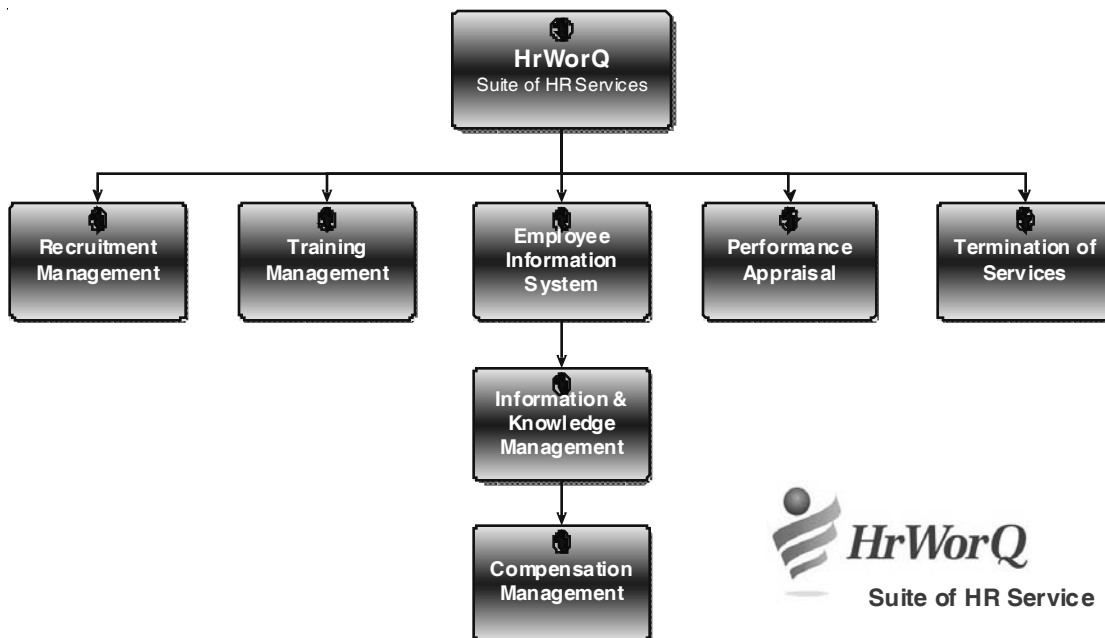
Schematic Representation of Three Tier Architecture



... Suite of HR Services

HrWorQ ...Human Resource Information Management System

HrWorQ is a complete centralized solution, which provides a new generation IT architecture for the Human Resource within an organization. **HrWorQ** open architecture allows easy integration with other business applications and multiple delivery channels. **HrWorQ** is available on multiple platforms like Solaris, Windows and Linux. In addition to these strengths **HrWorQ** is ideally suited to align talent management initiatives with corporate goals. **HrWorQ** provides an extra level of insight, so that the organization can make the most of its software deployment and model its staffing processes and talent management to reflect the nature and objectives of its business. Graphical User Interface of **HrWorQ** gives the user ease of use as ability to view reports in the form of graphs and charts. Using RDBMS, it provides better modularity to add new modules to existing systems, better performance and portability. **HrWorQ** helps companies to reduce operational costs, improve the efficiency and accuracy of operation.



About HrWorQ

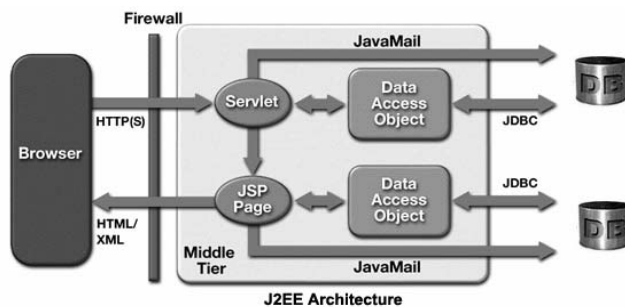
HrWorQ is a Premium Human Resource Information Management Service (HRIMS) of Paradyne. Paradyne has developed an application framework with customized Business Processes and activities for HR. The primary benefit of **HrWorQ** services is that it makes Human Resource Information Management very easy and convenient. The Company provides mid and large enterprises with cost-effective HR outsourcing service to help them better manage their human capital.

HR Business Process Outsourcing

Increasingly, BPOs are becoming the strategic choice of companies looking to achieve cost reductions while improving their service quality focusing on their core business capabilities. HR BPOs represent the next generation in employer services as they deliver payroll solutions integrated with Human Resource Information Management system (HRIMS) technology. Through a single source, Clients of HR BPOs upgrade to their HR process and save a significant amount of time and money.

How HrWorQ is different from other HR BPOs

The difference between **HrWorQ** and other HR BPOs is domain expertise, value, and technology. The Company believes that it offers the most comprehensive suite of services on the market and do so at the most competitive rates. Its HRIMS / payroll is powered by advanced Java (J2EE) technology.



Advantages of huge savings can be obtained by outsourcing non-revenue producing HR functions to HrWorQ. HrWorQ Service provides payroll solutions, employee benefits, benefits enrollment, benefits administration, recruiting, and training. Much of this is delivered through a fully integrated, Web-based Human Resource

Information Management system (HRIMS). Paradyne's enhanced services offer recruiting and training at both the manager and sub-ordinate level.

Salient features of the Services are

Through online self-service, managers can set up required training, access data of every employee that reports to them, post open jobs, and automatically receive resumes through bidirectional Internet / VPN connectivity. They can also receive compensation analysis reports and a wide range of related HR services.

HrWorQ enables transmission of HR data securely, easily, and efficiently via the Internet / VPN connectivity. Prior to the printing of Salary Slips or execution of direct deposit, the Manager can view a salary register to verify that payroll is perfect in all respects. With **HrWorQ**, payroll is easy as it given both online input and online receipt of reports.

Paradyne offers four pillars of service - **HrWorQ** - Payroll Management, **HrWorQ** - Recruitment & Training Management, **HrWorQ** - Employee Information Management & Administration and all in one **HrWorQ** - Suite of HR Services.

HrWorQ is most effective when the human resources outsourcing features such as job posting, skills validation, background checks, e-learning, performance reviews, job descriptions, etc. are all part of the HRIMS system.

24/7 Access: **HrWorQ** allows the Organization to enter its payroll data online, or, send the file electronically to the centralized HR Cell/BPO, through time clock system, or by the use of spreadsheet on site or by any combination of these. This gives a total control of the process on a 24/7 basis.

View Data: Once **HrWorQ** processes payroll, reports can be seen online. All relevant data can be exported into General Ledger program, spreadsheets or other computer applications.

HrWorQ service includes

24/7 Online Access to the System

Tax Filing

Direct Deposit

Cheque Stuffing/Signing

Garnishment Administration

Time and Attendance Interface

Hundreds of Standard and Custom Reports

FinWorQs ...A Centralized Banking Solution

FinWorQs is developed by Paradyne with the philosophy of parameterized flexibility to have independency of authority / access for users, to cater to ever changing requirements of banking customers.

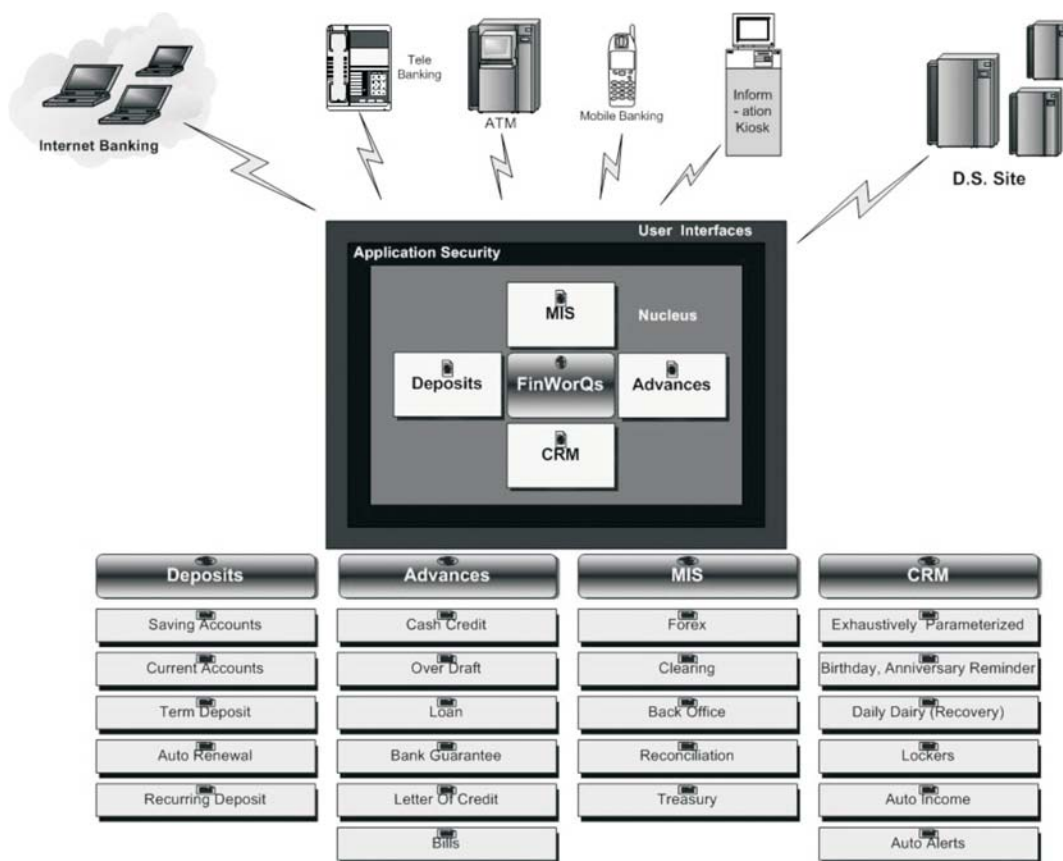
The **FinWorQs** is a completely centralized, fully integrated solution addressing the needs of Foreign Banks, Nationalized Banks and Co-operative Banks. Based on open systems, this parameterized user-friendly banking solution is brought to banking industry by Paradyne.

Key features of **FinWorQs** :

- Centralized Banking
- Retail Management
- Treasury Management
- Forex Management
- Customer Relationship Management
- Human Resource Management
- Mobile Banking
- Tele-banking
- ATM Management
- MIS Reporting

FinWorQs is an integrated, enterprise banking system designed to provide the Centralized Banking Solution for the banking industry. This complete solution is centralized and provides a new generation IT architecture for the e-age.

FinWorQs helps the bank to reduce operational costs while improving the efficiency and accuracy of its operation. **FinWorQs** allows easy integration with other business applications and multiple delivery channels. **FinWorQs** is today available on multiple platforms like Solaris, Linux, Windows and uses the Oracle RDBMS for tighter and better database functionality.



Schematic Representation of FinWorQs

PARADYNE'S ALLIANCES

Paradyne has entered into strategic alliances with, leading IT companies and organizations. These alliances can help it to extend its service offerings, deliver a new technology or business process or expand the reach of its products and service capabilities to new geographies. Paradyne partners work with it to deliver -quality products and services to help its customers build a true real-time enterprise. The important alliances are as follows:



Paradyne has strategic relationship with Oracle for Customized Package development based on Oracle RDBMS. Paradyne is an Oracle Technology Partner (OTN), the highest level in Oracle's Technology. That level provides extensive developer support and certification to ensure that Paradyne's products that manage Oracle's family of products are always built upon the latest Oracle technologies and tested to ensure interoperability.



Paradyne has strategic alliances with Global server computing giant Sun Microsystems as Platinum Partners and iForce Partners for their entire range of RISC, Java-based Solutions Enterprise solutions, I-planet and Storage Solutions as a privileged Sun ONE family member. Sun has awarded Paradyne the prestigious award of `Outstanding Business Partner for Sun Microsystems`.



Veritas is the market's leading innovator and Paradyne has tied up with Veritas to provide it's entire range of solutions in data protection, high availability, disaster recovery, storage management, and application performance management, which enables Paradyne customers to protect and access their business-critical data.



Paradyne Infotech is IBM's Premium Business Partner for their Intel Servers, Laptops, Desktops and Services. Paradyne has specialized in providing IBM solutions and have been successfully providing support on the entire range of IBM products.



Paradyne is (Premium Business Partner) of Acer for their Intel based systems and Services offerings. Paradyne believes the strategic alliance with Acer will help it acquire the necessary technical support to prosper in the explosive global Internet and multimedia markets.



Paradyne partners with APC to give an enterprise solution for reliable power protection to its customers. APC is a leading provider of global, end-to-end AC and DC-based power products and services, which include surge suppressors, uninterruptible power supplies (UPS), power conditioning equipment, related software, DC power systems, precision cooling equipment, and professional and consulting services for Nonstop Networking™. APC, known for Legendary Reliability™, sets the standard for quality, innovation and supports Paradyne's Customers for power protection solutions from desktop to data center to entire facilities. Its comprehensive solutions, which are designed for both home and corporate environments, improve the manageability, availability and performance of sensitive electronic, network, communication and industrial equipment of all sizes.



Paradyne is a Microsoft Certified Business Partner focused on providing technology solutions built on Microsoft Technologies to clients. Paradyne has experience in designing and deploying Microsoft Technology solutions and in Microsoft operating systems, collaborative solutions, security and operations and systems management platforms.

CLIENTELE

Paradyne Infotech has been one of the quality-conscious consulting in the information Technology for well over 8 years of time. Paradyne has developed IT solutions for prestigious clients all over the world.

The following are the segment-wise representative list

Banking & Financial

- JM Morgan Stanley
- State Bank of India
- IDBI Bank
- Corporation Bank
- Mandvi Bank
- The Ratnakar Bank Ltd.
- Punjab & Maharashtra Bank
- Abhyudaya Bank
- K.R. Choksey

Education & Research

- VNIT - Nagpur
- Symbiosis Institute of Management
- Donbosco Institute of Technology
- Indira Gandhi Institute of Development & Research
- Lala Lajpat Rai Management
- Jai Hind College
- Shah & Anchor Engg. College
- Pune Institute of Engineering & Technology

e-Governance

- Indian Navy
- HUDCO
- IRMRA
- TIFR
- GPO
- MTDC
- MAHADA
- Mumbai Police
- EPF Organization
- Directorate General of Shipping
- Department of Income Tax, Mumbai
- NCL

Telecom & ISPs

- Reliance Infocomm
- Idea Cellular
- IOL Broadband
- MTNL
- Hathway Cable & Datacomm
- Hughes Telecom
- Broadlyne Infoservices

Manufacturing, Retail & others

- Reliance Industries
- Exide Industries
- Rochem Separations Systems
- Globus Stores
- Star Value Mart
- Oil And Natural Gas Corporation Limited
- H. & R. Johnson (India) Limited
- Indian Petrochemicals Corporation Limited
- Nimbus Communications

Independent Software Vendors

- Geometric Software Solutions
- KPIT Cummins
- MoTech Software
- Zycus Infotech
- Eftia OSS Solutions
- 3D PLM Software Solutions
- Comsoft Infotech
- Cymbal Corporation, California.
- GCP Inc.

A cross-section of assignments handled by the Company:

Some of the projects and solutions implemented by Paradyne are listed below:

Client	Mandvi Bank
Project	FinWorQs, HrWorQ, System Integration & Managed Services
Technology	Software: Oracle9i, Developer2000 (Forms 6i, Reports 6i)
Industry Segment	Banking and Financial
Project Brief	<p>Paradyne is an end-to-end IT solutions Provider on Turnkey basis and IT Consultant to Mandvi Bank. Paradyne looks after all the Managed Services, System Integration Services and Software Services requirements of all 19 branches of Mandvi Bank.</p> <p>Under Software Services Paradyne provides FinWorQs & HrWorQ</p> <p>Under Managed Services Paradyne provides:</p> <ul style="list-style-type: none"> ➤ Facilities Management ➤ Networks Management ➤ Remote Management ➤ Disaster Recovery Management ➤ Maintenance Services ➤ Application Management ➤ Database Management <p>Under System Integration Services:</p> <ul style="list-style-type: none"> ➤ IT Consultancy ➤ Database Integration ➤ Server Integration ➤ Desktop & OS Integration ➤ Network Integration ➤ Security Integration ➤ Storage Integration

Client **Corporate Debt Restructuring Cell (IDBI)**

Project CDR - MIS WorQ.

Technology Java (JSP, Servlet's, Strut), Oracle9i

Industry Segment Banking and Financial

Project Brief CDR cell is a body of major national banks and it handles cases of the companies, which need financial restructuring. CDR Standing Forum is represented by a General Body of all Financial Institution and Banks participating in CDR System. The CDR mechanism will be eligible only if multiple banking accounts / syndication / consortium accounts with outstanding exposure of Rs.20 crore and above by banks and institutions.

CDR forms a large group called as Core Group comprising IDBI, ICICI Bank, Bank of Baroda, Bank of India, State Bank of India, Punjab National Bank with Dy. Chairman of IBA as a representative of Foreign Banks and a representative of R.B.I. CDR Standing Forum is a empowered Body which lays down policies and guidelines as per the norms of RBI. All the policies and guidelines can be recorded and maintained with amendments, which are done from time to time in the "MISWorQ".

A comprehensive, online, real time corporate debt restructuring handling system is to integrate all complex and varied activities of individual working terminals. This application facilitates the daily routine of the CDR Cell to maintain the data flow online.

CDR cell project is a Centralized Web Based Application, developed in JSP, Servlet's and Oracle9i. Struts framework is used for its application robustness of application.

Client **The Ratnakar Bank**

Project Real Time Gross Settlement (RTGS) System

Technology RTGS

Industry Segment Banking & Financial

Project Brief RTGS is a large value funds transfer system whereby financial intermediaries can settle interbank transfers for their own account as well as for their customers. The system effects final settlement of interbank funds transfers on a continuous, transaction- by-transaction basis throughout the processing day.

The statistics provided by RBI of transactions for the month of March 2004 shows that in the interbank market transactions involving 45000 instruments and aggregating Rs 1,79,000 crore were settled. High value instruments (3,17,000) settlement aggregated Rs 2,74,000 crore. However, settlement of MICR instruments (145 lakhs) accounted for only Rs 54,000 crore. RTGS will eliminate settlement risk in the case of interbank and high value transactions.

Ratnakar went 'live' on RTGS with IT support from Paradyne. Paradyne implements RTGS starting from the erection of RTGS setup till making it successfully operational.

Client **Indian Navy, Govt. of India**

Project DQAS (CQAE)

Technology Visual Basic 6.0, SQLServer2000, Crystal Reports.

Industry Segment e-governance

Project Brief Chief Quality Assurance Establishment (Machinery Spares) CQAE (MS), Mumbai is entrusted with the responsibility of development of indigenous machinery spares for a wide range of imported equipment and machinery fitted on board Indian Naval ships and submarines. This organization is also responsible for Quality Assurance inspection-checks for various procurements of Indian Navy and Coast Guard.

The main objective of Development & Quality Assurance System (DQAS) is to automate process associated with the Development and Quality Assurance functions / activities of CQAE (MS) resulting in online availability of functional information / data for effective monitoring, data transactions, reporting and generation of MIS reports. The software development is to ensure compatibility with Integrated Logistics Management System (ILMS) package in use at Material Organization (MO), Mumbai.

CQAE (MS) has decided to computerize their Office with implementing customized DQAS Software using the latest technologies. The system developed by Paradyne lets CQAE (MS) overcome various deficiencies in the manual processes by cutting down the lag-time involved and bringing improvement in efficiency, and avoiding replication of data and data redundancy and difficulty in communication between various departments.

Client **Rochem Separation System**
Project Supply Chain Management System
Technology Oracle9i, D2K (Forms 6i, Reports 6i)
Industry Segment Manufacturing
Project Brief Supply chain management is the combination of art and science that goes into improving the way to any company which, finds the raw components it needs to make a product or service, manufactures that product or service and delivers it to customers. This supply chain management system is based on five basic rudiments: Plan, Source, Develop, Deliver, Return.
The aim is to roll out a product inventory system and supply chain process for Rochem Separation System. The project contains various modules as per the various departments like Sales, Design, Service, Stores, Purchase, Account, and Production. To obtain and generate the information different modules are maintained. It also covers the reports related to modules.
This system helps in managing simple receipt and issue of required materials to generating the most complex inventory status report. The key features of this system are Receipt and Issue Management, Current Status of Inventory, Physical Inventory Management, Analysis of Inventory.

Client **Globus Stores (Raheja Group)**
Project Warehouse Management system
Technology Visual Basic 6.0, SQLServer2000, Crystal Reports 8.5
Industry Segment Retail
Project Brief Paradyne's Warehouse Management System (WMS) is a powerful, feature-rich solution for automating the inventory-handling process for warehouse that scales to accommodate the varied demands of small and mid-size distribution centers to highly complex, high-volume environments. Initially developed as a system to control movement and storage of materials within a warehouse, the role of WMS is expanding to include manufacturing, transportation management, order management, and complete accounting systems.

Orders Bookings

The Company's current aggregate order booking condition as on 1st September 2005 is around Rs. 1200 Lakhs, comprising of following major customers:

3D PLM Software, Amdocs, Department of Income-Tax, J M Morgan Stanley, Acer India, BMC Software, Zensar Technologies, Mandvi Bank, Mercator Lines Limited, KPIT Cummins, Rochem Separations.etc.,

PARADYNE'S PRESENCE:

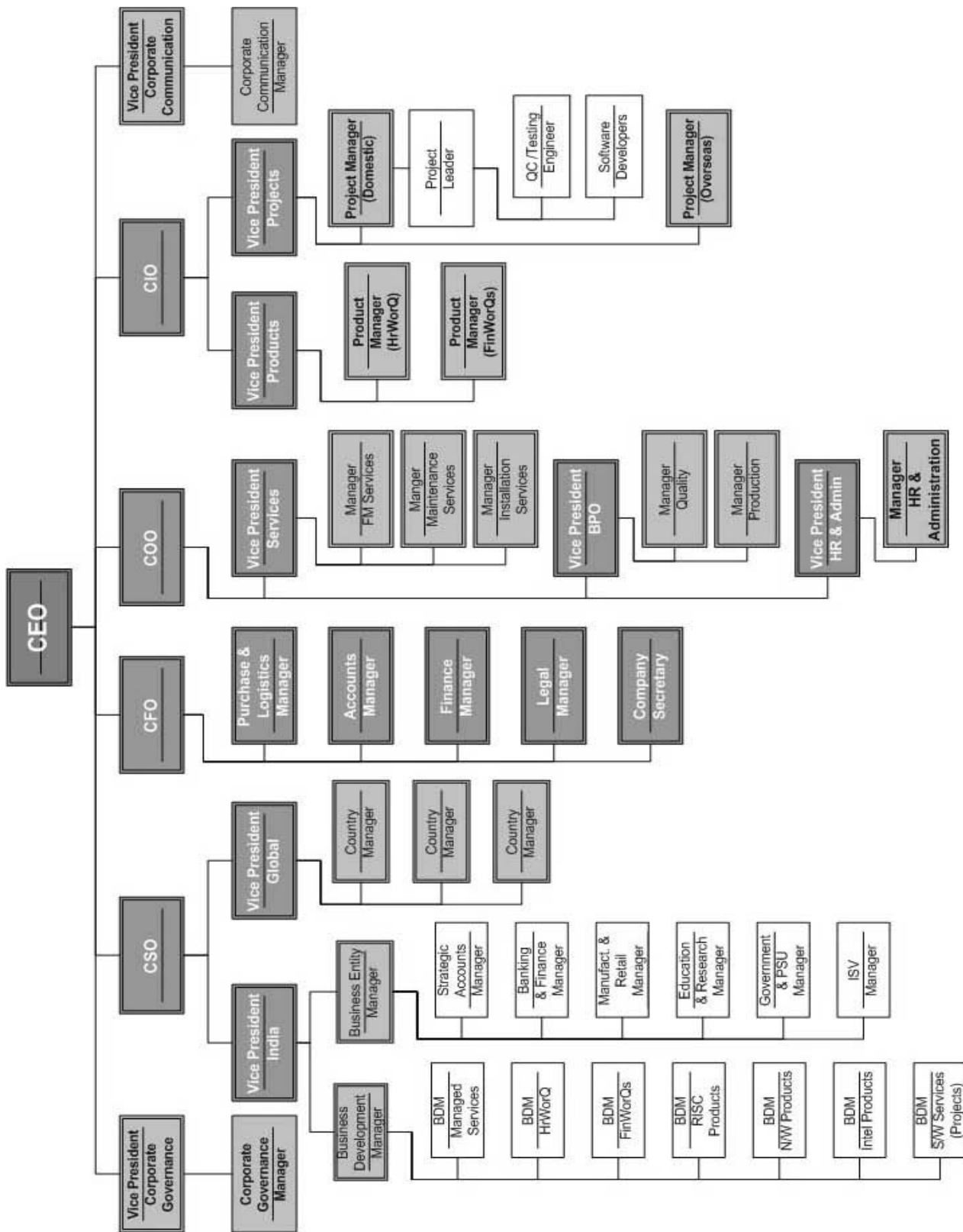
Sr. No.	Address	Description	Type of Property
1	801, Balarama Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. Tel :+ 91 - 022 - 56963333 Fax: + 91- 022 - 56963344	Registered Office	2,000 Sq Ft of Furnished office with a right of access use terrace of 6000 Sq Ft. taken on lease from subsidiary Intercon.
2	53/2476, Radheshyam, Opp. MIG Club, Gandhi Nagar, Bandra (East) Muumbai 400051 Tel: + 91 - 022-26518383 Fax: + 91 - 022-26518300	Software Requirement Study (SRS) and Quality Control (QC) Centre	800 Sq Ft office taken for use from one of the Directors and furnished by Paradyne.
3	605, Balarama Building, Bandra Kurla Complex, Bandra (east), Mumbai - 51. Tel :+ 91 - 022 - 56963377	Mumbai Branch Office	Taken on renewable leave and licence basis for 3 years.
4	215- A3, Sector 1, Millennium Business Park, Mahape, Navi Mumbai - 400709. Tel :+ 91 - 022 - 27781018 Fax:+ 91 - 022 - 27781019	Software Development Center	4,000 Sq Ft built-up area taken on lease of 99 years from MIDC and furnished by Paradyne.
5	1091/2, Datta Niwas, Deep Bunglow Chowk, Model Colony, Pune Tel:+ 91 - 020- 25662828 Fax:+ 91 - 020- 25662838	Pune Branch Office	Taken on renewable lease of one year
6	Utility Center, Opp. Rajiv Gandhi Bhavan, Nashik Tel:+ 91 - 0253-3696100/101	Nasik Branch Office	Taken on renewable lease of one year
7	Globus Stores, 32, Salarpuria Tower II, Kormangala, Hossur Road, Behind Big Bazaar, Bangalore - 560070 Tel: + 91 - 080 56968775 / 56670802	Bangalore Branch Office	Taken on renewable lease of one year
8	Globus Stores, 113/114, Sir Theyagaray Road, N. R. Kasi Arcade, T. Nagar, Chennai - 600017. Tel: + 91 - 044 28155058 / 59	Chennai Branch Office	Taken on renewable lease of one year
10	Globus Stores, 575/2, M. G. Road, Indore 452001 Tel: + 91 - 0731 2436380 / 2436881	Indore Branch Office	Taken on renewable lease of one year
11	Globus Stores, D-1, South Extension Part II New Delhi - 110049 Tel: + 91 - 011- 26263218,26263216 / 17	Delhi Branch Office	Taken on renewable lease of one year
12	1911, Waterford Place, Hoover, Alabama - 35244. Tel: 205-987-3881	Office of the wholly-owned Subsidiary Sundune Corporation, USA	

HUMAN RESOURCE

The employee strength of Paradyne is as follows:-

	Strength
Software Development	
Project Manager	2
Technical Leader	5
Analyst Programmer	3
Programmer / Software Engineer	37
Technical Writers	2
Quality Assurance Engineers	4
Hardware Engineer	34
Network Engineer	9
Database Engineer	6
Support / Administration Staff	
Accounts, Finance and Legal	6
Support / Administration	4
HR Department	3
Sales & Marketing	16

Proposed Organisation Structure



HR POLICY

Paradyne has aligned its HR policy with a strategy of sustaining a high-technology business. The HR policy aims to enable scalability of its business and processes, simultaneously achieving a sense of ownership and involvement in employees. The HR policy is built around its core values and beliefs of:

- Trust and faith;
- Flexibility;
- Open culture;
- Development of employees being the prime responsibility at the company level; and
- Concern for individuals.

Paradyne's initiatives, policies and procedures, evolved through a consultative process with its employees, have helped create a non-hierarchical, flexible and informal work environment. Paradyne believes that development of people is the prime responsibility of the organization. To create this environment, the Company has formulated a number of unique policies to develop individual potential.

In addition, the key elements of its HR policy are:

Recruitment:

Paradyne's aim is to attract the best available talent and effectively deploy the resources for its business requirements. The recruitment sources targeted by it include a mix of campus recruitments, referenced applications and recruitment through advertisements and placement agencies.

Training and development:

All new recruits are inducted through a structured training programme involving technical training by a qualified HR team & technical team in soft skills. The HR policy provides for a minimum 6 days training per year for all employees. Non-executive employees are trained in personal and professional effectiveness, engineers in effective communication skills and front line executives in effective business presentation. Executive development courses are held for staff having supervisory responsibilities. Managerial employees undergo training for management, development and project management skills. Senior managers are also sponsored for advanced management development programmes in leading training institutions in India.

Employee evaluation:

Paradyne utilizes the employee evaluation as a tool for managing performance planning and motivating, evaluating and enhancing the performance of its employees to achieve its goals. The performance management seeks to establish and maintain an environment that supports its business processes and ensures that employee performance is evaluated against the achievement of objectives aligned to the company's goals. All employees are provided with an opportunity to discuss their performance, plan their development and submit self-appraisals. Performance appraisals are carried out annually. Performance ratings are discussed with the employee and feedback is given in a very constructive manner. The goals for the next period and the factors that facilitate and inhibit their achievement are discussed.

Incentive policy:

The Incentive policy provides higher flexibility and incorporates the best industry practices.

Paradyne's Remuneration package consists of fixed and variable components

Fixed component is based on a cost-to-company structure and is made up of two major components - basic pay and allowances.

Variable component is determined based on the performance of the individual, his/ her SBU Performance. The Board decides the total variable component distribution amount for the entire organization is based on the company's performance.

Retention:

Paradyne endeavor to provide its employees with a challenging work environment aimed at developing their individual potential and providing multiple opportunities for growth and fulfillment.

The manpower required by the Company for the project would be recruited by the advertisement in newspapers and in recruitment websites, campus interviews, personnel contacts etc.,

VII. PROMOTERS AND THEIR BACKGROUND:

PROMOTERS:



Mr. Annand Sarnaik, a technocrat, aged 36 years, is a Bachelor of Engineering in Electronics and MBA from Jamnalal Bajaj Institute of Management. He is the Managing Director & Chief Executive Officer of the Company. He has experience of more than 12 years in the Information Technology field.

After completing his studies in 1991, he worked as a Marketing Manager with an organization called Officeware which was an associate of HCL HP Limited. In 1993 he started a Partnership firm called Indosys with two other partners in 1994. The firm discontinued its operations and a new company called Inmac Computers Private Limited was incorporated wherein Mr. Annand Sarnaik was one of its Directors. In 1997, Mr. Annand Sarnaik promoted Paradyne Infotech Private Limited. Thus, after working with Inmac Computers till 1999 he took over the reins of Paradyne Infotech and thereafter continues as a Managing Director of the Company. Mr. Annand Sarnaik started the Company with a vision and created a brand name, Paradyne Infotech in IT Service sector.

Voters ID -NA

Driving licence No.: Nil

Passport No.: F1214688

PAN Card No.: ALQPS8568J

Bank A/c No.: Corporation Bank, Bandra West Branch, Mumbai SB a/c 26031



Mrs. Divvyani A. Sarnaik, Age: 33 years. She is a Commerce Graduate. She is an Executive Director & Chief Operation Officer of the company. Mrs. Divvyani has over 12 years of experience in operations, support, services and general management in information technology field. She has successfully completed her Foreign Trade Management Program (FTM).

After completing her studies in 1991, she worked as a Marketing Manager with an organization called Officeware which was an associate of HCL HP Limited. In 1993, she started working with Indosys looking after the operations. From 1993 to 1997, she worked with Inmac Computers Private Limited. In 1997, Ms Divvyani A Sarnaik promoted Paradyne Infotech Pvt. Ltd. Thereafter she has been working as an Executive Director of the Company till date.

Voters ID -NA,

Driving licence No.: Nil

Passport No.: R004984.

PAN Card No.: AMWPS3147E

Bank A/c No.: Corporation Bank, Bandra West Branch, Mumbai SB a/c 26032

The PAN Card No., Bank account no. and pass port no. of both Mr. Annand Sarnaik and Mrs. Divvyani A Sarnaik has been submitted to the BSE and NSE at the time of filing the draft Prospectus.

For details of litigation against promoters and the ventures promoted by promoters please refer the section " Outstanding litigation and material development" on page no. 72.

Interest of Directors and Promoters.

Except as stated under the caption, "Related Party Transactions" on page no. 85 in the Prospectus, all the Directors may be deemed to be interested to the extent of the remuneration and fees payable to them for attending the meeting of the Board or Committee thereof and reimbursement of traveling and other incidental expenses, if any, for such attendance as per the Articles of Association of the Company.

All the Directors/Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friend and relatives and which may be allotted to them out of the present issue, and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

The Whole-time Directors are interested to the extent of remuneration paid to him for the services rendered to the Company. Further, the Whole-time Directors are interested to the extent of equity shares held by him/her and also to the extent of any dividend payable to him/her and other distributions in respect of the said equity shares.

Except as stated otherwise in this Prospectus, the Company has not entered into any contract, agreements or arrangement 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 which are proposed to be made to them.

VIII. OTHER GROUP COMPANIES/VENTURES OF THE PROMOTERS

There are no other ventures promoted by the promoters of the Company.

Common Pursuits

There are no common pursuits amongst the Company and other ventures promoted by the promoters.

The Company does not have any strategic or financial partner.

Key Managerial Personnel.

Sr. No.	Name	Designation	Date of Joining	Qualification	Exp. (yrs.)	Functional Responsibility	Details of Previous Employment
1	Mr. B.B. Das	Vice President Sales & Mkt.	10/12/2001	B.E (Electrical Engg.) - REC (Bhopal), MBA - XIM Bhubaneshwar	22	Heading Sales & Marketing Operations in India.	Hexaware Technologies
2.	Mr. Jayant Mitra	Vice President S/W services	01/11/2001	Bachelor of Science, Diploma in Systems Analysis and Project Management Diploma in Oracle, SQL and DBA	24	Product & Technology Advancement Design.	Ace Business Consultants
3	Mr. Rushikesh Shukla	Sr. Project Manager	16/06/1999	B.Com, PGD in Software Engineering, Sun Certified	14	Managing Software Projects and Looking after complete Software Development Cycle.	Pentafour Technologies
4	Ms. Priti Bhatnagar	Business Development Manager	04/06/2001	Bachelor of Science.	7	Development of Software Services (Projects) Business Country wide.	S .Kumars Group
5	Mr. Sumanta Roj	Business Development Manager	01/03/1999	Bachelor of Arts (Economics), Diploma in Hospitality Mgmt. - IHM Chennai, e-commerce from NIIT Mumbai.	7	Development of Managed Services Business Country wide.	Ramada group of Hotels
6	Mr. Amit Rege	Business Development Manager	04/11/2004	B.A, MCSD, JCP.	12	Development of HrWorQ Business Country wide.	EXIM India
7	Mr. Samir Phadnis	Manager Corporate Communication	05/02/2003	B.sc in Electronics, MBA marketing,	14	Managing Corporate Communications	KPCS Private Limited
8	Mr. Subhash Chowdhari	Manager Accounts & Finance	04/12/2000	M.Com, Diploma in IT	10	Managing Accounts & Finance	Inmac Computers Private Limited
9	Mr. Amit Jaste	Company Secretary	27/12/2004	B.Com, ACS	2	Handling the Company Law matters and compliances.	Sudarshan Chemicals Industries Ltd.

Key Managerial Personnel of the Company

The details of key managerial employees of the Company are as follows:

Mr. B.B. Das, 47, Vice President - Sales and Marketing, has a Bachelors degree in Electrical Engineering from the Regional Engineering of College of Bhopal, He is a Gold Medalist from Jesuit Society & a MBA in Marketing Management from the XIM, Bhubaneshwar. He has been employed with Paradyne and it's associated companies for about 3 years. He has 22 years of experience in Sales and Marketing; His heads Sales & Marketing Operations in India. Prior to joining Paradyne he was Country Head of Domestic Sales for Hexaware Technologies Limited. He was also heading Western Region as Regional Manager for HCL-HP Limited for more than 4 years out of his total tenure of 9 years in HCL -HP Limited. He has also undergone training on Production Technology from Tokyo, Japan.

Mr. Jayant Mitra, 46, Vice President (Software Services - BFSI Sector), has a Bachelors Degree from Mumbai University in Physics (Hons.) and has done "Systems Analysis and Project Management" from HCL at Delhi. He did LINUX, UNIX & COBOL certifications and Oracle, SQL and DBA certifications. He completed BS7799 course conducted by DNV Mumbai.

Mr. Jayant Mitra has more than 24 years of experience in IT Industry in application development and Specially in Financial Domain. He led a number of projects in visual basic and J2EE architecture displaying excellent project management skills. His responsibilities include internal management of information systems and monitoring in system work, coordinating with project managers, operational planning and reviewing the co-ordination. Mr. Mitra is recognized as an industry expert for providing cost effective and innovative business solutions to the banking industry benefiting a number of organizations.

Mr. Rushikesh Shukla, 33, Sr. Project Manager, has a Bachelor's degree in Commerce from the, Mumbai University, Post Graduation Diploma in Software Engineering from, Aptech Mumbai and also a SUN Certified Programmer. Mr. Rushikesh joined Paradyne in 1999. He brings with him 14 years of IT experience equally divided in software development and project management areas.

He is serving as Project Manager for global database and middleware projects. His IT project experience includes ERP's Development in Oracle & D2K, Java. Starting his IT career with Jiwdaya Netraprabha Karyalya, after that he worked for Shri Precoated Steels Ltd., Krishna Filament Ltd., he has an experience in handling complex and distributed applications of large Indian and global corporates in manufacturing and financial service sectors.

Ms. Priti Bhatnagar, 30, Business Development Manager, has a Bachelor's of Science, Mumbai. Ms. Priti started her career with Standard Chartered Bank and last worked for Infomatics Set Marketing Pvt. Ltd. Her experience spans over 7 years during which she has handled sales and marketing, business development.

Mr. Sumanta Rooj, 30, Business Development Manager (Managed Services), He is Bachelor of (Economics) from IGNOU New Delhi, Diploma in Hospitality Management from IHM Chennai, Diploma in e-commerce from NIIT Mumbai. Since inception in delivering services he has an extensive experience of 9 years in business development, sales and marketing especially in Managed Services.

Mr. Amit Rege, 30, Business Development Manager (HrWorQ), he is a Bachelors of Arts, MCSD and JCP certified. Mr. Amit has more than 9 years of experience in the IT industry. His responsibility includes Development of HrWorQ business countrywide. Prior to joining Paradyne, Mr. Rege was with Exim India as a Sales Manager in Mumbai, Lotus Group as Sales Manager in Mumbai, in Software Solution Integrate as Marketing Manager (Software Services), Mumbai. He was a Business Development Manager in Sri Lanka with Vantage Technologies (An associate of TCS), in Software Technology Group - as a Business Development Manager, Mumbai and in Hutchson Max Telecom as Territory Manager in Mumbai.

Mr. Samir Phadnis, 35, Manager - Corporate Communications is a Bachelor of Science in Electronics, MBA in marketing from National Institute of Management Studies, Mumbai, Diploma in Micro Processor Programming and Interfacing. He has more than 14 years of experience in the IT industry. His responsibility includes managing corporate communications and media relations. Before joining Paradyne he was worked for HCL as a Marketing Manager, PCS as a Manager - Channel Sales in eastern, western, north-eastern regions of country with an additional charge of Nepal, Bhutan and Bangladesh, KPIT group companies as a BDM for all India financial services related to ESOPs, Modi Olivetti as BDM Banking and indirect sales and Autosoft as a General Manager Banking and e-governance.

Mr. Subhash Chowdhari, 32, Manager Accounts & Finance, has a Master's degree in commerce and Diploma in Information Technology. He has more than 10 years of experience in accounts and finance. His responsibilities include managing accounts and corporate finance functions, financial and business planning and enterprise-wide risk management. He has worked in areas including money markets, structured finance and investment banking.

Mr. Amit Jaste, 25, Company secretary, has a Bachelor's degree in Commerce from the B.Y.K. College of Commerce, Nashik, and is also pursuing LL. B. from Pune University. He has about 2 years of experience as a company secretary. His responsibilities include attending to the company law matters and looking after the other legal compliances. Prior to joining Paradyne he worked for The Indian Seamless Metal Tubes Ltd. and Sudarshan Chemical Industries Ltd.

The persons mentioned above are in the employment of the Company as permanent employees.

None of the key personnel mentioned above are related to the promoters/Directors of the Company except Mr. Sumanta Rooj - who is relative of a Non Executive Director - Mr. Shantanu Rooj.

No director or member of Senior Management has been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

Changes in Key Employee positions during the last three years

Name of the Employee	Date of Appointment/ Resignation	Designation	Reason for change
Mr. Shrirang Deshpande	16th February 2005	Business Development Manager, Pune	Resigned from the services of the company

IX BOARD OF DIRECTORS OF THE COMPANY:

The Board of Directors of the Company comprises:

Name, Age, Address, Qualification and Occupation of the Directors	Appointment in the Company and the date of expiration of current term of office	Other Directorships
Mr. Annand Sarnaik, (S/o. Madhavrao Sarnaik) (36 Years) 402, Jairaj Co-op Hsg Soc. Ltd Opp. Income-tax Office, Bandra Kurla Complex, Bandra East, Mumbai 400 051 (Qualification) : B.E. M.B.A. Occupation: IT Entrepreneur	Date of appointment: 25.09.2004. Date of expiration of current term of office: 24.09.2007.	Broadlyne Info Services Pvt Ltd. Paradyne InfoServices Pvt Ltd Intercon Management Services Pvt. Ltd Sundune Corporation, USA
Mrs. Divvyani A Sarnaik, (W/o. Annand Sarnaik) (33 Years) 402, Jairaj Co-op Hsg Soc. Ltd Opp. Income-tax Office, Bandra Kurla Complex, Bandra East, Mumbai 400 051. (Qualification): Commerce Graduate Occupation: Software Entrepreneur	Date of appointment: 25.09.2004. Date of expiration of current term of office 24.09.2007.	Intercon Management Services Pvt. Ltd. Paradyne InfoServices Pvt Ltd
Mr. Shantanu Roj, (S/o. Narayan Roj) (32 years) B-1, Regency Mansion, Opp: Sai Baba Road, Kalina, Santacruz East, Mumbai 400 055 (Qualification) B.E., MBA Occupation: IT Entrepreneur	To retire by rotation in terms of Article 124 of AoA of Paradyne.	Broadlyne Info Services Pvt Ltd Paradyne InfoServices Pvt Ltd Rinsel Technologies (India) Pvt. Ltd. Raj Lakshmi Auto Finance Pvt. Ltd Intercon Management Services Pvt. Ltd. Sundune Corporation, USA Team Excel Technologies Private Limited
Mr Dhiren Bhogilal Kothary, (S/o. Bhogilal) (41 years), 62 A, Harmony, Ram Nagar, Borivili (W), Mumbai - 400 092. Qualification: C.A Occupation: Chartered Accountant	To retire by rotation in terms of Article 124 of AoA of Paradyne.	Quest Fincap Limited Quest Softech (India) Pvt. Limited Quest Profin Advisors Private Limited.
Shri Neeraj Vashisht (S/o. Mahavir Prasad) 1725, Orrington Ave APT, 320, Eveson IL 60201 (Qualification) : Management Graduate Occupation: Consultant	To retire by rotation in terms of Article 124 of AoA of Paradyne.	–
Shri Y. Krishnamurthy (S/o. Pichaiiah) 12-2-827/10, Kanti Nagar, Mehdipatnam, Hyderabad - 500 028. (Qualification) : B.Com. C.A.II.B. Occupation:Retired Central Banker	To retire by rotation in terms of Article 124 of AoA of Paradyne.	–

There are no litigations, disputes pending against the Directors of the Company except otherwise mentioned in the Prospectus. No proceedings for economic offences have been initiated against them.

Mrs. Divvyani A. Sarnaik is the wife of Mr. Annand Sarnaik.

Service contracts entered into with the wholtime directors does not provide for benefits upon termination of the employment.

Mr. Annand Sarnaik, 36, Managing Director and CEO, has a Bachelor's degree in Electronics Engineering from S.G.G.S Govt. College of Engineering, Nanded and MBA from Jamnalal Bajaj Institute of Management, Mumbai. He is a founder promoter of the Company and has led the Company since its inception in 1997. He has more than 12 years of experience in IT Industry. As an entrepreneur, he has played an integral role in the development of Paradyne through his vision.

Mrs. Divyani A. Sarnaik, 33, Executive Director and Chief Operation Officer is one of the founder promoters of the Company. She is a Commerce Graduate and Diploma in Foreign Trade Management. She has over more than 12 years of experience in finance, banking and personnel functions. She has contributed significantly in the growth of Company business.

As a Convenor of the corporate Team Development Programs, she focuses on building team rapport and providing training to improve staff's ability and knowledge to work together to achieve optimal performance and derive personal satisfaction as individuals and part of a business enterprise.

Mr. Shantanu Roj, 32, Director. A CBSE All India Topper and a Gold Medalist in Engineering, Mr. Roj had pursued his engineering from Institute of Technology, Banaras Hindu University. He has successfully completed his Master in Business Administration with specialization in Marketing from Jamnalal Bajaj Institute of Management, Mumbai. He has experience of more than 11 years in the Information Technology field.

He had started his career with HCL-HP Ltd. After having a successful stint at HCL-HP for few years, he joined hands with Mr. Annand Sarnaik for floating this venture. Mr. Roj is a thorough technocrat and has been instrumental in driving a Marketing initiative in the organization.

Mr. Neeraj Vashisht, 32, Director, is a management graduate from Kellogg School of Management, USA specializing in the core areas of Marketing, Finance and Operations Management. He is a consultant with ZS Associates - a sales and marketing consulting organization based out of Evanston, IL, USA. He previously held full time assignments with Xerox India and IBM Corporation India. His 6 years work experience spans across a variety of disciplines including direct sales, channel management, product management and consulting. Mr. Vashisht has an in depth understanding of sales and marketing issues by virtue of his elite academic exposure and varied work experience. Amongst his notable achievements are: Winning ' Extraordinary Contribution Award' for developing a channel blueprint for the overall development of the indirect business at IBM, developing IBM p Series server distribution business, setting up sales operations of a pharmaceutical organization based in US, designing and administering incentive system for multiple US-based clients. In his current role he advises his clientele on issues pertaining to customer segmentation and targeting, marketing mix, market entry, sales force sizing, geographical deployment, incentive compensation etc.

Mr. Dhiren B. Kothary, 41, Director, Chartered Accountant, is a Commerce Graduate from University of Bombay. He is a fellow Member of the Institute of Chartered Accountants of India. He has more than 19 years of experience in taxation, financial and accounting services. Mr. Kothary is the senior partner of D. Kothary & Co., Chartered Accountants, Mumbai, a 15-year-old taxation and assurance firm. Mr. Kothary is an income-tax expert and contributed to the book of Commentary on Income tax by the reputed tax advocate late D. M. Harish in 1995.

Mr. Krishnamurthy Yemmanur, 62, B.Com, C.A.I.I.B, Retired as General Manager of Reserve Bank of India (RBI). He served in the RBI for 40 years in various capacities and has rich and varied experience in NRI investment in India, foreign collaboration, matters relating to Import & Export and External commercial Borrowings, inspection of Commercial Banks and Local Area Banks. He took active part in deployment of credit for rural area and flow of credit to priority sectors besides the functioning of Regional Rural Banks in AP. He was also convener of SLIC Meetings (State Level Inter Institutional Committee) chaired by the Principle Secretary, Industries and Commerce, Govt. of A.P. The Committee discusses the problems faced by the small scale Industries and sick SSI Units. For some time, he was a member of the internal house committee in RBI, Hyderabad for watching the developments related to weak Co-operative Urban Banks in A.P.

Global Advisory Board

Lee Decker, has over 16 years of experience in high availability enterprise applications and is presently the Chief Information Officer of ReleasePlan, an IT Company based in the US. Prior to joining ReleasePlan he was the Senior Vice President of Product and Technology Strategy at ALLTEL Information Services. Prior to ALLTEL, Lee was Co -Founder and Chief Technology Officer for Xpede, an ASP provider of Financial Relationship Management solutions, which was sold to ALLTEL in a profitable deal. Prior to Xpede, he led the development of the iQualify application at FiNet, winning the prestigious Smithsonian Award for Innovation -1998. Prior to FiNet, Mr Decker developed Freddie Mac's loan prospector automated underwriting system at Monument Mortgage. He holds a B.S. in Economics and a B.S. in Business from the University of Colorado.

Dr. S. B. Mujumdar, MSC, PhD. (Botany), Founder of Symbiosis Internal Center, renowned educationist and Chancellor of Symbiosis Institute of Business Management, a Deemed University and one of the top B-Schools of India. In 1971, he established the Symbiosis International Cultural & Educational Centre in Pune primarily to promote friendship, co-operation and understanding between foreign and Indian students and to cater to the needs and difficulties of foreign students studying in

Pune, mostly Afro-Asian students. Since then, under the aegis of 'Symbiosis' he has established 28 institutions imparting training in 100 different courses ranging to Law, Human Resource Development, Foreign Trade, Management, Computer, Arts & Commerce, Mass Communication, Telecommunication, Information Technology etc. Symbiosis today is premier educational institute in Pune and a brand equity in providing quality management education.

Felicitations/ Honours received

- Awarded "Padma Shree" Award by Government of India in the year 2005
- Pune Municipal Corporation - Outstanding College Teacher Award at the hands of Jayantaro Tilak
- Rotary Club of Pune - Promotion of International Understanding
- Institute of Marketing & Management - Excellence in Education & Top Management Club Award at the hands of Dr. P.C Alexander, Governor of Maharashtra
- Bandhuta Pratishtan - Promotion of Brotherhood (1997) Social Service to down trodden
- Rotary Club, Pune - Service Excellence Recognition Award (SERA) 1998
- Pune Municipal Corporation -Yashwantrao Chavan Puraskar - 1998 At the hands of Shri. Ramkrishna Hegde, Former Union Minister for Commerce.

Dr. Rajendra Prasad Mohanty, B.E., M.Tech., PGD-GM, Ph.D, 60, is an erudite engineering and management consultant. EX-Vice President (HR) of ACC Limited. Dr Mohanty was elected as a Fellow in Indian National Engineering Academy for outstanding contributions in Engineering. He was the recipient of prestigious awards including the Bharat Ratna Sir Visveswarayya Award for Outstanding contributions to the field of Technical Education and Technology Management, Intellectual Colossus Award in 2003 for Super Services / Contribution to the field of knowledge in Engineering & Management by Sambalpur University, Orissa, Lillian Gilbreth Award in 1995, the highest award for the Industrial Engineering Profession in India for Outstanding Contribution to the field of Industrial Engineering, Distinguished Leadership Award in Academics by American Biographical Institute. He was a member of International Advisory Board, 13th International Conference on Production Research, Jerusalem (Israel) Aug. 1995. He published prominent books some of which are: Total Quality Management in the Service Sector, Essentials of Supply Chain Management and Handbook on Total Quality Management, During his profession he has undertaken various projects like Strategic Plan Document for higher Technology Education, Total Quality Management, Business Process Reengineering, Supply Chain Management. He was also the Member of Academic Council, SNDT Women's University, Mumbai, Member of TQM Committee of Confederation of Indian Industry, Western Region for the year 1999-2000, and Member of Human Resource and Productivity Committee, Indian Merchants Chambers.

Dr. Arvind Vasudeo Sangamnerkar, MD, 68, Member of Maharashtra Medical Council, he is the recipient of the Dhanwantari Award from the Government of India in 1992. The other awards received by him include Yadnyawalkya Puraskar in 1995 for the appreciation of health activities in Maharashtra, Award for excellence in medical services from Indian Medical Association, Pune and Arogya Dnyaneshwari Award in 2002. He is the director of Eisen Pharmaceuticals Limited.

He is an editor of prominent medical magazines and is a director of medical institutions like Post-graduate Medical Institution affiliated to University of Poona and Maharashtra University of Health Sciences, Nashik. He is an academician of repute and is member of the Academic council of Dr. D.Y. Patil Vidyapeeth.

Dr. Deepa Acharya, 42, B.A., and M.A., Doctor of Philosophy - Economics (Thesis Title: Autonomy to the Reserve Bank of India - its Significance & Implications) is an Economist with considerable working experience in industry associations and Chambers of commerce. Business associate. In November 1997 - November 1998 she was the Director (Western Region), Federation of Indian Exports Organization, Ministry of Commerce, Govt., of India And also worked as Secretary General, Indo-Iran Chamber of Commerce and Industry.

In July 1996 - November 1997 - Assistant Vice-President & Head - Research (India Operations) Lloyds Brooke Hillier Services Pvt. Ltd. and in January 1991 - June 1996 she was the Senior Economist & Deputy Secretary Indian Merchant's Chamber. She is presently a consultant to various prestigious Banks, industry associations and RBI.

Mr. Arvind Y. Pitre, 55, is a Management Consultant with a wide experience in banking software development. He retired from a senior position from Bank of Baroda where he was in charge of the Information Technology department. After his retirement he worked as a consultant to various IT companies including TCS, NCR, Maharashtra State Co-operative Bank, Ashok Leyland Information Technology (ALIT), Zenith Infotech Ltd, to help them in developing banking products. He was educated in Computer based Information System from a University in London and attended various seminars abroad.

Interest of Directors and Promoters.

Except as stated under the caption, "Related Party Transactions" on page no. 85 in the Prospectus, all the Directors may be deemed to be interested to the extent of the remuneration and fees payable to them for attending the meeting of the Board or Committee thereof and reimbursement of traveling and other incidental expenses, if any, for such attendance as per the Articles of Association of the Company.

All the Directors/Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friend and relatives and which may be allotted to them out of the present issue, and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

The Whole-time Directors are interested to the extent of remuneration paid to him for the services rendered to the Company. Further, the Whole-time Directors are interested to the extent of equity shares held by him/her and also to the extent of any dividend payable to him/her and other distributions in respect of the said equity shares.

Except as stated otherwise in this Prospectus, the Company has not entered into any contract, agreements or arrangement 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 which are proposed to be made to them.

Shareholdings of the Directors and Key Managerial Personnel

Directors

Name of the Director	No. of Shares
Mr. Annand Sarnaik	44,17,863
Mrs. Divvyani A. Sarnaik	26,42,363

Shares Held by the Key Managerial Personnel

Sr. No.	Name of Key Managerial Personnel	No. Shares
1	Jayant Mitra	7500
2	Priti Bhatnagar	7500
3	Sumanta Rooj	7500
4	Subhash Chowdhari	7500
5	Rushikesh Shukla	7500

Changes in the Board of Directors during the last three years

Year of change	Name of the Person	Designation held	Particulars of change	Date of change	Reason
2002	Mr. Binod Kumar Mishra	Director	Resignation	03/11/2002	Due to Personal Reason
2004	Mr. Dhiren Kothary	Director	Appointment	15/12/2004	To Broadbase the Board
2004	Mr. Y Krishnamurthy	Director	Appointment	15/12/2004	To Broadbase the Board
2004	Mr. Neeraj Vashisht	Director	Appointment	27/12/2004	To Broadbase the Board

Corporate Governance

The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing of the Board, Constituting the Committees such as Audit Committee, Remuneration Committee etc., The details are as under:

Board of Directors

The Board of Directors of the Company is constituted in conformity with the requirements of the Clause 49 of the Listing Agreement. The Board of Directors comprises of six Directors - two executive and four non executive directors out of which three are independent directors.

Audit Committee

The Audit Committee of the Company comprises of 3 Directors headed by Mr. Dhiren Kothary, Chartered Accountant, an Independent Director. The other members of the committee are Mr. Annand Sarnaik and Mr. Neeraj Vashisht. The role and terms of reference of the Audit Committee covers the matters specified in the relevant provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement besides other terms as may be referred to it by the Board.

Remuneration Committee

The remuneration committee constitutes of three Directors Mr. Neeraj Vashisht, Mr. Dhiren Kothary and Mr. Shantanu Rooj. The Committee deliberates and decides on matters like the terms and conditions of appointment, remuneration and related matters of managerial personnel. Mr. Neeraj Vashisht is the Chairman of the Committee.

Investors' Grievances Committee

The committee was constituted to look into the matters relating to redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. The Investors' Grievances Committee comprises of following directors.

1.	Mr. Shantanu Roj	Non Executive Director
2.	Mr. Dhiren Kothary	Non-Executive and Independent Director
3.	Mrs. Divvyani A. Sarnaik	Executive Director

Mr. Shantanu Roj is the Chairman of the Committee and the Company Secretary shall act as the Secretary to the Investor's Grievances committee.

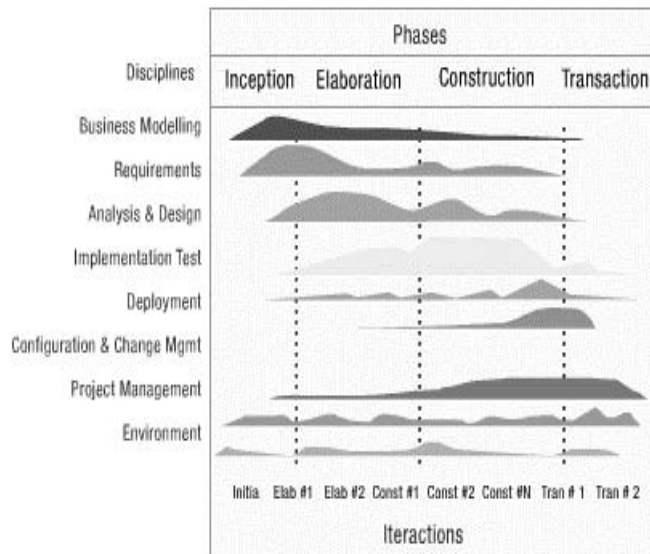
SOFTWARE DEVELOPMENT PROCESS:

Software Development Standards

Paradyne follows Software Quality Assurance (SQA) Plan that adheres to the quality assurance needs at every phase of the software development life cycle. Purpose of the SQA Plan is to establish a uniform software development process, which is applicable throughout the software development life cycle. Stringent quality checks ensure that the quality of the software development work delivered is superior by all standards.

Software Development Methodology

At Paradyne all projects follow standard software development methodology. The graphical presentation of Software Development Life Cycle (SDLC) phases from Rational Unified Processes (RUP), explains the core process workflow and iterations in SDLC.



BRIEF DESCRIPTION OF PROCESS

Phase A - Requirement Gathering

This is the first phase for every project when Paradyne's business consultant meets the Client to understand the course, design, and platform requirements. These are brainstorming sessions that help determine the overall business objectives and marketing goals. The initial scope of the project is then defined in terms of cost, effort, schedule, and deliverables and functional specifications generated. Extensive feasibility study is done, after which proposal agreement is signed with Client.

Entry Criteria

- Signing of contract

Deliverables

- Functional Specification Document
- Entity Relationship Model
- Functional Hierarchical Diagram
- Functional Dependency Diagram
- System Architecture Design
- Infrastructural Change Suggestions

Phase B - Analysis & Design

Specialists from project management, software engineering, instructional design, and graphic design analyze the Client requirements; design the hardware and software architecture and their implications on product development. Based on the analysis, a design specification document is prepared. Along with this test plans gets generated. This is done at the SRS Centre of Paradyne.

Entry Criteria

Reviewed & Accepted Functional Specification Document

Deliverables

- Signed off detail document
- Detail Plan for development phase

Phase C - Development

This is the stage where the project is actually off the ground. Paradyne builds the application in progressive phases or increments upon approval of development specification by Client. First the prototype is created, which is functionally complete and runs on the actual platform envisaged or different prototyping techniques are used. Once the Client approves the design and the prototype, the production team starts the development process. This is where scripting, creation of graphics, and coding take place. Testing begins right at the prototype phase and continues through various project milestones. This is done at Paradyne's SDC.

Entry Criteria

- Signed off detail design document
- Detail plan for development phase

Deliverables

- Developed and Unit Tested system
- Acceptance Criteria
- Acceptance Test Plan and Test Data

Phase D - System Testing

This phase covers the system-testing phase of the project. The developed and Unit tested system will be passed through regression testing in order to trap exceptions and errors within modules, between modules and between all interfaces before being delivered to Client. The testing will go through different cycles so that the problems found in one cycle can be fixed and tested in the following cycle.

The system will be conducted based on the system test plan that will be created during the development phase. The test data provided by Client will be used to execute these tests. Hence it is absolutely imperative that the test data be as close to the live system. At the end of the system testing we will also go through a cycle of the acceptance test in order to ensure the speeding of the acceptance phase.

The Paradyne site coordinator will enable all communication between Paradyne and Client during this phase.

The quality assurance manager will ensure that the objectives of the quality assurance plan are met.

The development team will follow all standards setup by the quality management group for system testing the application. They will also ensure that the system achieves the objectives specified in the acceptance criteria.

It is Paradyne's standard practice to use multiple cycles in its system test plans. This ensures that the problems identified during one cycle are addressed and tested in subsequent cycles. It also ensures that the problems that manage to percolate through one cycle will be identified in the subsequent cycles. The test results are reviewed to ensure quality work.

All tests will define initial conditions, test procedures, and expected test results. Both error testing and exception testing will be performed. A summary of the test criteria and results for each process is documented in the test summary document. This is done at Paradyne's QC Centre.

At the end of testing the project manager will assign the task of packaging the tested system to a team which will be responsible for packaging the entire tested application and then install the package from step one, as specified in the installation manual.

Entry Criteria

- Acceptance Criteria
- Acceptance test plan and test data
- System test plan
- Developed and unit tested system

Deliverables

- Updated Detail design documents
- System tested and verified system with on-line help
- User Manual
- Training Course Material

Phase E - Acceptance & Implementation

The objectives of acceptance testing are to

- Ensure that the system has been developed according to specifications
- Document Client acceptance of the system

This phase of the project requires a large amount of interaction with and participation from Client personnel. Paradyne will install the developed applications at the Client pilot sites. Client will perform acceptance testing of the applications to ensure that it meets the mutually agreed upon acceptance criteria. At the end of this phase Client can jointly develop an implementation plan to ensure the smooth roll out of the application. For this phase, Paradyne will provide a tested system, user and installation manuals. Client personnel will be responsible for setting up a team of users for testing the interfaces. Well-coordinated communication and scheduling of testing between the various user groups is critical to the successful execution of the project. In executing the acceptance test, the users will be required to perform the functions they will be performing when the system is placed in production. These should be performed and guided by the documentation contained in the various system manuals. Using this approach, the users can test:

- Software
- Documentation

Unlike unit testing and system testing, the focus of acceptance testing, from the project team's point of view, is to demonstrate that the system works. From the users point of view, acceptance testing is the final quality control procedure that can be exercised to determine whether a software product is performing as expected.

Entry Criteria

- System tested and packaged
- User Manual
- Installation Manuals

Deliverables

- Tested and verified system
- Acceptance Phase report
- Accepted application
- Implementation Plan

Phase F - User Training

Paradyne proposes to prepare training material during the development phase. Paradyne consultants to train users will use this during training. The Client is responsible for assignment and scheduling of their staff for these courses.

Entry Criteria

- Training Course Material
- Training Assignment and schedule

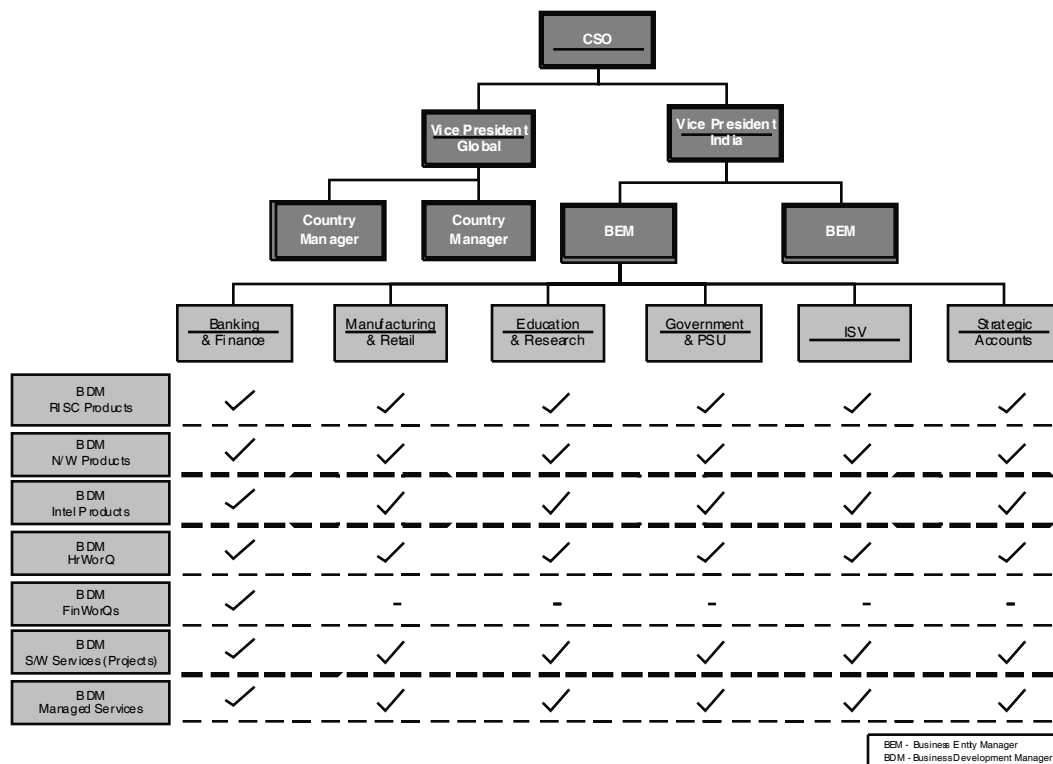
Deliverables

- Trained users

X. MARKETING AND SALES STRATEGY

Paradyne's sales and marketing structure

Paradyne markets its services and products through its own offices, branches and subsidiary. It has 6 major offices in India and 6 new branches are proposed with resident operation and support staff. While its sales and marketing infrastructure is organized around SBUs. Paradyne's domain expertise in the respective industry segment ensures adequate flow of information regarding its services and products to its clients. The proposed hierarchy of Global & Indian Marketing Division is as shown in the following schematic representation:



SBU-wise focus: Since Paradyne's products and services are designed around highly focused business and technology domains, it becomes imperative to market all these products and services with competent domain and technology experts. Therefore, each SBU has an empowered sales and marketing team to have better focus on technology and business. The Company's SBU's sales efforts are supplemented by contacts and business relationships of the branches and subsidiaries.

International subsidiaries and branches:

With a vision of International marketing network, Paradyne has a wholly owned Subsidiary overseas - Sundune Corporation in US. It focuses on marketing Paradyne's service offerings to customers outside India. To extend the geographical coverage the company is intending to have infrastructure at the 6 new locations i.e. Baroda, Gandhi nagar / Ahmedabad, Hyderabad, Kolkatta, Lucknow, Nagpur.

Paradyne's customer relationship development process flow

In keeping with its objective of being an end-to-end IT solutions provider, the Company's customer relationship development methodology follows a defined multi-stage process, with each stage mandating different levels of interaction between its personnel and the customer. Each stage is the responsibility of its different groups and levels of management. Strategic account management starts with focusing on select key customers based on their long-term sustainability, IT maturity and IT spending. Then, the Company builds value around the customer's processes with its products and services. Further, growth aspirations are set and support plans developed to help customers achieve the same. The account managers estimate the revenue potential, monitor that accounts' strategy and ensure continuous target revisions.

Paradyne has invested in developing a strong client-centric sales approach. Its sales team is comprised of focused sales personnel responsible for accounts in specific industries and service offerings, vertical industry Account Managers responsible for accounts in specified geographies, account managers responsible for mature accounts and sales specialists that support focused pre-sales and sales efforts in specific industry and service offerings.

Paradyne's Strategy

Paradyne seeks to enhance its position as a provider of integrated IT services. It intend to accomplish this through:

Penetrating and Growing Strategic Accounts. Paradyne intend to continue to grow its business by diversifying existing client base with the addition of new strategic clients and enhancing its existing relationships. Paradyne aims to achieve this by effectively leveraging its sales and marketing team and expanding the scope of its engagements through delivery excellence, innovative engagement models, industry experience and breadth of services.

Enhancing Industry Expertise. The Company intends to continue to enhance its understanding of select industries by adding industry experts as Business Advisors, business analysts and solutions architects as well as considering select acquisitions. It believes that such industry expertise will help them proactively address its clients' needs by offering IT services that best suit their specific requirements.

Strengthening and Effectively Leveraging its Sales and Marketing Teams. Paradyne intends to continue strengthening its sales and marketing teams. It addresses its larger relationships through dedicated account managers who have responsibility for increasing the size and scope of its service offerings with such clients. Paradyne is increasingly aligning its sales and marketing teams to focus on specific industries.

Enhancing its Service Offerings. Paradyne aims to deepen its existing client relationships and enter into new client relationships through new and enhanced service offerings. The Company has recently commenced offering business processing outsourcing services and has enhanced its capabilities in enterprise systems management and research and development services.

EXPORT OBLIGATIONS:

While extending all the facilities and privileges admissible under the STP Scheme for the company's Unit located at 215, Bldg A-3, Sector -1, Millennium Business Park, Mahape, Software Technology Parks of India, the company was required to export a minimum of USD 0.25 million or 5 times the CIF value of imported capital goods (whichever is higher). The company had not imported any capital goods. The export performance and the foreign exchange earnings, which are as follows is in excess of the minimum export requirement:

Year Ended	Exports / Foreign Exchange Earnings (Rs. In Lakhs)	Percentage to Company's Revenue for the respective year
31st March, 2005	500.75	7.31
31st March, 2004	438.37	8.58
31st March, 2003	66.54	1.89
31st March, 2002	224.64	6.43
31st March, 2001	81.29	2.97

FUTURE PROSECTS OF THE PRODUCTS OF THE COMPANY

FinWorQs

The centralized banking solution is designed to meet the needs of private sector and cooperative banks. This product has an adequate market potential as there is a growing need of banking software in the Banking Industry, particularly, in the co-operative and other private banks which look forward to get a cost effective banking solution.

HrWorQ

There is good potential for the Human Resource Information Management software in India as well as in the overseas market. HRWorQ can cater to the needs of this market and can be implemented across various organizations like Corporates, PSUs, e-governance etc.,

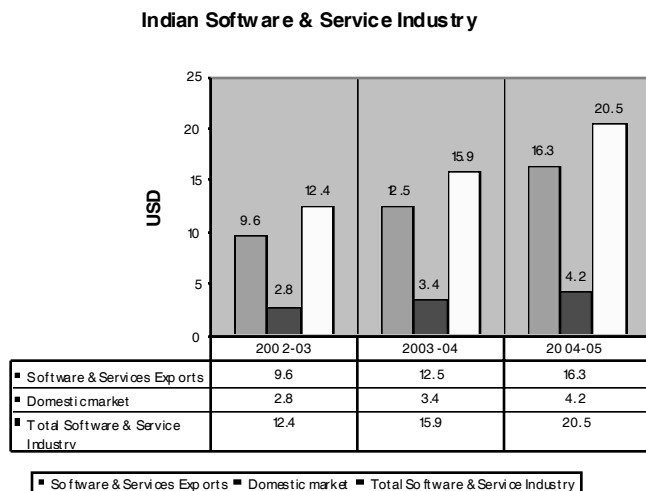
XI. INDUSTRY INFORMATION

DESCRIPTION OF INDUSTRY AND BUSINESS:

(The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified. (Source of information for this section: Nasscom))

Indian IT Industry Scenario

The Indian IT industry includes hardware, peripherals, networking, training, domestic and export market for software and services and BPO. The industry can be divided into three broad categories- hardware, software and services, and training. Hardware comprises peripherals, networking and other hardware. Software and services comprise hardware, software and ITES services. The following schematic representation gives a snapshot of growth trends in the past two years and the expected performance of Indian Software & Service Industry for fiscal 2004-05.



(Source: NASSCOM)

The following points are pertinent to note:

- In 2003-04, hardware segment accounted for approx 50 percent of the domestic Indian IT market.
- The software and services segment accounted for 46 percent of the market in 2003-04.
- The training segment accounted for 3.5 percent of the industry, the same as in 2002-03.
- Even from an industry perspective, the attention on the domestic front is quite limited with the domestic IT software services market constituting around US\$ 3.4 billion in 2003-04 compared to the US\$ 12.5 billion software and service exports market. In fact, revenues from the domestic market account for only 10-30 percent of revenues for players in all segments
- However, the domestic market will become significantly more important, particularly for smaller players who need to tap the domestic market to build scale
- Comparisons with other markets, like China, which have similar demographic and economic profiles, show that the Indian domestic IT market remains constrained largely because of three barriers:
 - Corporate IT spend is largely determined by the need to be competitive. With key product markets still strongly regulated or in the process of deregulation, the corporate IT imperative is likely to take some time to emerge
 - Export billing rates have been and are significantly higher than domestic rates. This has led to an inadequate focus on developing customized solutions to meet domestic business needs
 - With a majority of central and state government processes yet to be computerized, there has been an overall apathy from the government with the exception of a few state governments

The Change in the attitude:

Indian IT vendors are increasingly turning their attention to the domestic market. The Indian user industries are outsourcing parts or entire IT infrastructure to specialized vendors.

The domestic IT spending in India is at an inflexion point and there are numerous opportunities in the domestic sector, which can help catalyze growth in the next 2-3 years. The key drivers for growth in the domestic market include:

- Opportunities in verticals such as Energy, BFSI, Manufacturing, Education, Telecom and Government
- Increased penetration of computers in the household and SOHO segments
- Increased investments in IT by the central and state governments in e-governance initiatives
- Rapid adoption of broadband
- Increased usage of non-PC devices especially cell phones
- Increased focus of Small and Medium sized software companies on domestic market

The ITES-BPO Scenario

Over the last few years, the worldwide business process outsourcing (ITES-BPO) industry has undergone rapid transformation. Continuing pressure on cost bases at a time of growing competitiveness is driving companies to look at offshore outsourcing as a strategic alternative. Access to global talent, economies of scale, process engineering and enhancements, wage arbitrage, increased profit margins and improvements in quality are some of the gains that companies have realized.

Maturity of the marketplace, rapid developments in telecommunications and infrastructure, new offshoring destinations etc. have catalyzed the growth of the ITES-BPO industry. BPO has become synonymous with corporate strategy and companies are realizing the strategic role it can play in maintaining global competitiveness.

Worldwide ITES - BPO spending by region, 2002-06

(Figures in \$ million)

Region	2002	2006	2002-2006 CAGR (%)
Americas	484,732	647,427	7.5
EMEA	171,303	237,390	8.5
Asia/Pacific	117,622	194,228	13
Worldwide	773,657	1,079,054	8.6

Source: NASSCOM

The Indian Edge:

Some of the key drivers of the Indian ITES-BPO industry include:

- Improved efficiency and higher service levels due to streamlined processes
- Quality improvements due to a better educated workforce
- Cost savings between 40-50 per cent
- Increase in off shoring by existing customers
- Superior project management skills
- Availability of a highly skilled, educated and English-speaking labour pool

Domestic Outsourcing

Domestic business process outsourcing (BPO) industry is emerging to be very important. The ability to transform business and add value is likely to catapult this still pre-nascent industry to success.

While IT outsourcing is a starting point in the domestic BPO segment, there is large potential in other areas like finance and accounting as well as many other activities. The ability among the domestic firms to 'value segment' is what will drive success in the industry. The strategy should include building delivery mechanisms at a cost that saves money for a domestic client while simultaneously building consulting capability around customer experience management.

Key Industrial Regulations

There are no Key Industrial Regulations.

XII. STOCK MARKET DATA

This being the first public issue by the Company, no stock market data is available.

XIII. MANAGEMENT DISCUSSION AND ANALYSIS.

A Summary of Past Financial Results for the past Five financial years are given below

(Rs. Lakhs)

Particulars	Year Ended 31/3/2005	Year Ended 31/3/2004	Year Ended 31/3/2003	Year Ended 31/3/2002	Year Ended 31/3/2001
Income					
Sales	6850.89	5111.28	3523.56	3491.28	2735.81
Other Income	1.75	1.50	30.26	11.94	4.74
Total	6852.64	5112.78	3553.82	3503.22	2740.55
EXPENDITURE	6270.92	4780.07	3450.43	3353.34	2630.59
PBDIT	654.86	332.71	103.39	149.88	109.96
Depreciation	37.39	18.87	19.38	12.42	6.54
Interest	35.75	38.01	40.99	14.76	11.63
PBT	581.72	275.83	43.02	122.70	91.79
Tax	81.70	5.34	11.55	-	24.58
PAT	500.02	270.49	31.47	122.70	67.21

Paradyne is a fast-growing IT-services Company providing end-to-end solutions to its clients. Paradyne's business encompasses system integration, managed services and software services. Recently Paradyne entered into business process outsourcing. Each of these business lines is called a Strategic Business Unit (SBU). We believe that the strength of Paradyne is in forging sustained relationships with its clients and taking care of a majority of their IT requirements by providing end-to-end solutions.

- The discussion presented below is based on and should be read in conjunction with, the unconsolidated financial statements prepared in accordance with the Indian GAAP, the Companies Act and SEBI Guidelines for the years ended March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and March 31, 2005 and reported upon by Messrs. Nilesh M. Kapadia & Co., Chartered Accountants, Mumbai, the Auditors of Paradyne as per the Report that is a part of this Prospectus.
- Till March 31, 2005, Paradyne has achieved a compounded annual growth rate (CAGR) of more than 77% since its first complete year of operations ended on March 31, 1999.

2000-2001

- During the year 2000-01, revenue from system integration was Rs. 2607.93 from (up from Rs. 786.62 lacs in the previous year) recording a growth rate of 300%. The year, however, witnessed some reduction in the margins in system integration business because of competition. To offset the reduction in margins, Paradyne successfully endeavoured to increase the volumes to make the operations of this SBU profitable. Paradyne's Software exports were at Rs. 81.28 as against Rs. 4.36 lacs in the earlier year. These are not strictly comparable on YoY basis, owing to the reason that the software services were started by Paradyne in the last quarter of the previous year. The operating costs have gone up primarily because of increase in the advertising and selling expenses, which has paid good dividends in terms of increase in the sales. The increase in the staff costs was inevitable in view of the increasing operations and expanding software services of Paradyne, which are human-resource intensive. The PBT and the PAT for the year 2000-01 were Rs. 91.79 lacs and Rs. 67.21 lacs respectively. Paradyne paid a dividend of 1000% for the year.

2001-2002

- During 2001-02, Paradyne logged a turnover of Rs. 3491.28 lacs. The system integration business posted a turnover of Rs. 3169.79, which is 21% more than that of the previous year, as Paradyne continued to increase the volumes to offset the effect of reducing margins in this business. Increase was also witnessed in software services revenues at Rs.232.14 lacs, which is 2.85 times that of the previous year. A substantial portion of this came from export sales. Encouraged by the response to its software services SBU, Paradyne acquired a core banking solution product (which was later named FinWorQs) and tested the product on a beta client for Upgradation by employing the key members of the team who have spent several man months in originally designing and developing it. Paradyne also embarked on a Project to develop a human resource information management software (which was later named HrWorQ). The managed services business of Paradyne continued to show a consistent growth at Rs. 89.35 lacs which is more than 90% over the previous year. On the

expenditure side, the staff costs have increased due to increased staff strength in Software Services SBU. The staff costs have also shown an increase as Paradyne started hiring its own marketing and sales personnel instead of depending more on advertising and sales agents for boosting its sales. The operating expenses have shown increase mainly due to rent and electricity charges which were incurred as Paradyne took on lease a big office space at Madhava at Bandra Kurla Complex.

6. During the year, the internet-based-service industry witnessed a downturn in what is known as 'dot.com bust'. One of the valued customers Messrs. IndianOnline Limited, which was affected by this, has become erratic in paying the dues amounting to Rs. 251 lacs in a business deal involving Paradyne and Wipro Limited. Keeping in view the valued relationship with the client, Paradyne decided to give some time to it for paying up the dues, despite the fact that this default has affected the working capital cycle of Paradyne, because of which it had to delay the dues payable to Wipro Limited amounting to about Rs. 198 lacs. Wipro Limited has filed a Petition u/s 433 of the Companies Act against Paradyne for the recovery of its dues. Also the loan of Rs. 18.50 lacs given by Paradyne in the earlier year to Messrs. Pinnacle Consultants continued to remain outstanding and it could realize neither the principal nor the interest thereon, which was commented upon by the Auditors.
7. The PBT of Paradyne for the year 2001-02 stood at 122.70 lacs. As a substantial portion of the income of Paradyne is derived from exports sales, there was no income-tax liability for Paradyne and the PAT also stood at Rs. 122.70 lacs. Buoyed by its performance, Paradyne declared a bonus issue in the ratio of 3:1 utilizing the current year profit of Rs. 79.50 lacs and Rs. 7.11 lacs from General Reserve. Paradyne paid an interim dividend of 150% on the expanded capital aggregating Rs. 66.74 lacs.

2002-2003

8. During the year 2002-03, the turnover recorded by Paradyne was at Rs. 3523.55 lacs, because of a drop of 4% in the system integration business. The reason for this drop is the decision taken by Paradyne to restrict the credit sales to select few clients and/or curtail the credit period to the clients, in view of its experience with Messrs. IndiaOnline Limited, against whom Paradyne filed a Petition u/s 433 for not paying up the dues despite sufficient time being given. Notwithstanding the reduced margins and drop in volumes, Paradyne pursued the system integration business to open new business opportunities to the remaining SBUs of Paradyne, in which the margins are encouraging. The revenue from software services rose from Rs. 232.14 lacs to Rs.309.26 lacs recording a rise of 33%. The managed services business also continued to rise to record revenues of Rs. 161.88 lacs, which is 81% increase over the previous year. Paradyne could achieve a break-through by successfully selling its upgraded banking software FinWorQs. This has consolidated its position as software services company.
9. On the expenditure side, in line with the developments in the year, Paradyne also restructured expenditure budgets to control costs, while at the same not losing sight of its goal of increasing the volumes of business in software services and managed services which are high margin activities. The staff costs have been reduced to Rs. 81.25 lacs as against Rs. 95.58 in the previous year in line with the reduction in the activities in system integration business. Two of the Directors Mr Annand Sarnaik and Ms Divvyani A. Sarnaik have renounced their directors remuneration. The leasehold office at Madhava was surrendered, and another smaller office was taken at Balarama saving substantial amounts on rent. Other areas where the costs were reduced were electricity, selling expenses advertising, conveyance and traveling. The operations for the year resulted in a PBIDT of Rs. 103.39 lacs as against Rs. 149.86 lacs achieved in the previous year. Paradyne paid dividend @ 15% for this year.

2003-2004

10. During the year 2003-04, the operations reflected the steps taken by the us to increase the revenues from software services. The efforts of Paradyne to aggressively market its software services yielded good dividends, as it could net a gross revenue of Rs. 652.17 lacs from software services business, out of which Rs. 438.38 came from exports. On the expenditure side, a continued focus on rationalizing the expenditure in the system integration business ensured that there is a less than proportionate increase in the expenditure as compared to the increase the revenues. However, so as to avoid cutting corners, we ensured adequate spends in the software services business and continued to hire quality manpower for it. Remuneration to Mr Annand Sarnaik and Ms Divvyani A. Sarnaik, two of the directors, who have renounced their remuneration in the earlier years has been reinstated. During the year Paradyne sub-divided the nominal value of its equity shares from Rs. 10/- to Rs. 5/- each. As a result, as on March 24, 2004 the 12,99,210 equity shares of Rs. 10 each became 25,98,420 equity shares of Rs. 5 each. A fresh issue of shares worth Rs. 3,75,19,220 for cash at par was also done made. During this year, the PAT stood at Rs. 270.45 lacs and dividend @ 24% has been paid on the expanded capital (on pro rata basis).

2004-2005

11. In the year 2004-05, Paradyne continued to increase its revenues particularly in software services and managed services in which it logged 98 % and 132% growth respectively as it was able to successfully market its software services - particularly in banking and human resources segment - in which it has spent a number of man months in the earlier years in development and upgradation. PAT stood at Rs. 500.02 lacs and dividend @ 15 % has been declared on the expanded capital (on pro rata basis). During the year Paradyne consolidated its equity capital and re-fixed the nominal value of its equity shares at Rs. 10/- from Rs. 5/- each. As a result, the paid-up share capital became 50,51,132 shares of Rs. 10 each. In view of the good performance, Paradyne issued bonus shares in the ratio of 1:2 on September 30, 2004, taking its paid-up capital to 75,76,698 share of Rs. 10 each.

Unusual and Infrequent Events:

12. During 2001-02, the internet-based-service industry witnessed a downturn in what is known as 'dot.com bust'. One of the valued customers Messrs. IndianOnline Limited, which was affected by this, has become erratic in paying the dues amounting to Rs. 251 lacs in a business deal involving Paradyne and Wipro Limited. Keeping in view the valued relationship with the client, Paradyne decided to give some time to it for paying up the dues, despite the fact that this default has affected the working capital cycle of Paradyne, because of which it had to delay the dues payable to Wipro Limited amounting to about Rs. 198 lacs.. Also the loan of Rs. 18.50 lacs given by Paradyne in the earlier year to Messrs. Pinnacle Consultants continued to remain outstanding and it could realize neither the principal nor the interest thereon, which was commented upon by the Auditors.
13. During the year 2002-03, the turnover recorded by Paradyne was at Rs. 3523.55 lacs, because of a drop of 4% in the system integration business. The reason for this drop is the decision taken by Paradyne to restrict the credit sales to select few clients and/or curtail the credit period to the clients, in view of its past experience with certain customers.. On the expenditure side, in line with the developments in the year, Paradyne also restructured expenditure budgets to control costs, while at the same not losing sight of its goal of increasing the volumes of business in software services and managed services which are high margin activities.
14. In December 2004, Paradyne settled its outstanding issues with Wipro in a cash-cum-NCD deal for Rs. 201 lacs and filed consent terms with the Hon'ble Bombay High Court. Accordingly Wipro Limited were issued NCDs of Rs. 126 lacs in February 2005. Similarly, India Online Network Limited also settled their dispute with the Company and Consent terms were filed with the Hon'ble Bombay High Court in April 2005 for an amount of Rs. 240 lacs against our outstanding receivables of Rs. 251.90 lacs.

Significant economic changes that materially affected or likely affect the income from continuing operations:

15. As stated in the preceding paragraphs, the dot.com bust had a cascading affect on Paradyne's business in the year 2001-02. 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 Paradyne's business.

Known trends or uncertainties that have had or expected to have material adverse impact on sales, revenue or income from continuing operations:

16. Excepting those stated above, there are no such known trends.

Future changes in the relationship between costs and revenues:

17. Over the years margins in the system integration business have dwindled. If this trend continues, there will be a further reduction in the margins in this SBU. We are cognizant of this possibility and still continue this line of business, as this is bringing new business opportunities to the other lines of business of the Company.

Status of any publicly announced new products or business segment

18. Paradyne acquired a core banking solution product (which was later named FinWorQs) and tested the product on a beta client for Upgradation by employing the key members of the team who have spent several man months in originally designing and developing it. The FinWorQs was being successfully marketed from the year 2002-03. In the same year Paradyne also embarked on a Project to develop a human resource information management software (which was later named HrWorQ) and started successfully marketing the same from the year 2002-03. To provide services based on FinWorQs and HrWorQ under ASP model, Paradyne entered business process outsourcing and started an SBU called BPOWorks, under which it started providing these services in the year 2004.

Seasonal character of Company's business

19. Company's business is not seasonal.

Level of dependence on a single or few suppliers or customers

20. The company is not significantly dependent on a few suppliers or customers.

Competitive conditions:

In the recent years a number of players have entered the business, which Paradyne is operating. The Company believes 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. The strength of Paradyne lies in it being an end-to-end solutions company and its ability to forge sustained business relationships with its customers. By continuing to concentrate on these strengths Paradyne plans to meet the competition and achieve growth in the future years.

To the best of the knowledge of the management of the company there are no factors that may affect the results of the operations of the company.

XIV. CAPITAL ISSUES IN THE PAST AND PROMISES VS PERFORMANCE

Paradyne Infotech Limited has not made any public issue of shares since its incorporation. There is no group Company, which has made any public issues.

Issues made by Companies under the same management under Section 370(1B) of the Companies Act, 1956

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, which made any capital issue during the last three years.

XV. BASIS FOR ISSUE PRICE

Qualitative factors

1. Paradyne is existing profit making dividend paying Company engaged in the business of Computer Software, System integration, managed service and BPO.
2. Paradyne has alliances with world's leading technology companies.
3. Paradyne has list of prominent Clients with repeat order from them.

Quantitative factors (based on restated, unconsolidated financials)

1. Earnings per Share

Financial year	EPS (Rs.) *	Weightage
2002-03	1.50	1
2003-04	7.49	2
2004-05	6.60	3
Weighted average EPS	6.05	

* Adjusted EPS on Equity Shares of face value of Rs.10/-

2. Price Earnings ratio (P/E Ratio) in relation to issue price of Rs.42/- per share.

Particulars	
Based on 2004-05 EPS	6.36
Based on weighted average EPS	6.94
Industry P/E	
- Highest	66.00
- Lowest	3.10
- Average	22.00

(Source: Capital Markets Volume XX/12 (Aug. 15 2005 - Aug. 28 2005) - Computer Software - Medium/Small)

The ratios of some of the Companies in the same industry group are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Subex Systems Limited	24.26	22.90	18.89	128.40
Kale Consultants Limited	0.60	115.40	1.38	43.80
Blue Star Info.	10.14	15.20	18.85	53.80
Onward Technologies	2.85	26.5	7.25	39.30
3i Infotech	3.35	30.9	6.34	52.80

(Source: Capital Markets Volume XX/12 (Aug. 15 2005- Aug. 28 2005) - Computer Software - Medium/Small)

3. Return on Network

	RONW(%)	Weight
b) 2002-03	11.44	1
c) 2003-04	35.77	2
d) 2004-05	43.52	3
Weighted Average	35.59	

4. Minimum return on total network needed after the issue to maintain EPS (as on March 31, 2005) at Rs.6.60 is 28.32%.

5. Net asset value

As at March 31, 2005	Rs.15.17/-
After Issue	Rs.23.31/-
Issue Price	Rs.42/-

6. The face value of the share is Rs.10/- and the issue price i.e. Rs.42/- is 4.2 times of the face value.

The Lead Manager believes that the Issue Price of Rs. 42/- is justified in view of the above qualitative and quantitative parameters. The investors may want to pursue the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditor's report in Part II of the Prospectus to have a more informed view of the investment proposition.

XVI. LITIGATION/ DISPUTES/ DEFAULTS/ CONTINGENT LIABILITIES

- A) The following cases/litigations are pending against the Company/Promoters/Directors of the Company:
- a) Zenith Limited has filed a criminal complaint against the Company in the Court of Judicial Magistrate, First Class, Nashik in 2002 for recovery of Rs.1,80,000/- against purchase of 2 servers. Mr.Annand Sarnaik and Mr.Shantanu Rooj, Directors of the Company were also made parties to it.
 - b) TelExcell Information Systems Limited has filed a case against the company and its directors, Mr.Annand Sarnaik and Mrs. Divyani Sarnaik with the Additional magistrate court of Girgaum, Mumbai. vide case no. 1202 of 2003 under section 138 and 141 of the Negotiable Instruments Act for dishonor of cheques amounting Rs. 7,82,105.
- B) The following cases were filed by the Company/Promoters/Directors of the Company
- I. By the Company:
 - a) Against Mr.Paresh Chunilal Ganatra for dishonor of cheque amounting to Rs.3,00,000/- under Section 138 of the Negotiable Instrument Act, 1981, which was receivable against sale of computer systems and accessories supplied to him.
 - b) Against M/s. Newton MP Technologies Private Limited in the 12th Court of Addl. Chief Metropolitan Magistrate , Bandra, Mumbai for dishonor of cheques of Rs. 8,00,000/- against payment receivable.
 - II. By the Promoters/Directors of the Company:
 - a) Mr. Annand Sarnaik, Managing Director of the Company in his individual capacity has filed a case with the Metropolitan Magistrate, 12th Court, Bandra, Mumbai against Mr.Chetan J Kore and Mr.Abhay Kore for non-repayment of short-term loan availed from him in 2001.

Other than the above, there are no overdues, defaults to the Financial Institutions/Banks, Rescheduling of Loans to Banks/ Fls and dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares by the Promoters and the Companies/Firms promoted by the Promoters or by the Company. There are no pending offences of non-payment of statutory dues by the Promoters of the Company.

Other than the above, there are no cases of litigations pending against the Promoters/Directors in their personal capacities and also involving in statutory regulations or criminal offences.

There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and Firms promoted by the Promoters.

There are no outstanding litigations, disputes pertaining to the matters likely to affect the operations and financials of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

None of the Directors have any litigation towards tax liabilities, or any criminal/civil prosecution against them for any offences (irrespective of whether "specified in paragraph (i) of Part I of Schedule XIII of the Act.

The Company, its Promoters and other Companies with which promoters are associated have neither suspended by SEBI nor any disciplinary action has been taken by SEBI. There are no prosecution launched by Income Tax Authorities and no liability compounded by the Promoters/Company/Other Ventures with which the Promoters are associated is subsisting.

There are no cases of pending litigations/defaults in respect of firms /Companies with which the Promoters are associated in the past but are no longer associated. The promoters have not resigned as Directors from any Companies during the last three years.

The Promoters, their relatives, Issuer, Group Companies, Associate Companies are not detained as willful defaulters by Reserve Bank of India/Government Authorities and there are no violations of securities law committed by them in the past or pending against them.

DEFAULTS

The Promoters, their relatives (as per the 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.

The Company has not defaulted in meeting any statutory dues, institutional dues and dues towards instrument holders like debenture holders, fixed deposit holders.

There are no proceedings launched or initiated against the promoters of the Company for any economic offences.

MATERIAL DEVELOPMENTS

There are no material developments after the date of the last audited balance sheet as on March 31, 2005, which may materially affect the performance, or prospects of the Company. :

As per the opinion of the Directors, no circumstances have arisen since the date of last financial statement disclosed in the Prospectus that materially and adversely effect or likely to effect the trading or profitability of the Company, the value of its assets, or its ability to pay its liabilities within the next twelve months.

XVII. RISK FACTORS

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to invest in the Company's equity shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and investors may lose all or part of their investment.

A. INTERNAL TO THE COMPANY

- (i) The Issuer Company proposes to handle multiple projects including an investment in its US Subsidiary. The promoters being first generation entrepreneurs, the investors will be subjected to all consequential risk associated with such ventures.

MP: The Company's promoters have more than 12 years of experience in the IT industry. Over the years a number of computer professionals and functional experts have joined the Company's fold. The Company has the track record of delivery of products and services to the satisfaction of customers.

- (ii) The objects of the Issue for which funds are being raised are as per the Company's own estimates and have not been appraised by any Bank/Financial Institution..
- (iii) Significant portion of the funds raised for the projects would be used for funding intangible assets.
- (iv) The proposed expansion project is fully funded by the Public Issue. Any delay in raising the funds from IPO as depicted under the caption, "Means of Finance" on page no.25, may have adverse impact on the performance of the Company.

MP: The estimates are valid on the date of the Prospectus and adequate provision is kept for contingencies.

- (v) Contingent liabilities and commitments not provided for

	As at 31st March 2005 (Rs. Lakhs)
Unexpired Letters of Credit	121.27
Guarantees issued by Bankers against Companies counter guarantee	47.39
Capital commitments in respect of capital work in progress (net of advances paid)	72.41
Total	241.07

- (vi) The Company has not placed orders for any of the equipments to be acquired for the proposed Project.

MP: The turnaround time between placement of order and supply of equipment required is nominal. Therefore, no orders are placed so far.

- (vii) A part of the equipment is to be imported for which orders are yet to be placed and the estimated cost is arrived at by translating foreign currency at the exchange rate prevalent on the date of the quotation. Any weakening of rupee against the respective currency mentioned may increase the cost of the Project.

MP: The Management has made adequate provision for contingencies and would take suitable steps to address this risk.

- (viii) Zenith Limited has filed a criminal complaint against the company, its Managing Director & Chief Executive Officer (MD & CEO) and a director, with the First Class Judicial Magistrate, Nashik u/s 420 r.w.s. 34 of it IPC. The submissions of the Complainant are as follows: The Company has agreed to purchase two Servers from them for Rs. 1,80,000. The Company has taken delivery of one of the servers after issuing a cheque of Rs. 1,80,000. The Company subsequently stopped the payment of Rs. 1,80,000. The complainant accuses that the Company, its MD & CEO and the Director have made a wrongful gain by resorting to deception.

- (ix) Mr. Annand Sarnaik, Managing Director of the Company in his individual capacity has filed a case with the Metropolitan Magistrate, 12th Court, Bandra, Mumbai against Mr.Chetan J Kore and Mr.Abhay Kore for non-repayment of short term loan availed by them in 2001.

- (x) The following cases were filed by the Company

- a. Against Mr.Paresh Chunilal Ganatra for dishonor of cheque amounting to Rs.3,00,000/- under Section 138 of the Negotiable Instrument Act, 1981, which was receivable against sale of computer systems and accessories supplied to him.
- b. Against M/s. Newton MP Technologies Private Limited in the 12th Court of Addl. Chief Metropolitan Magistrate, Bandra, Mumbai for dishonor of cheques of Rs. 8,00,000/- against payment receivable.

- (xi) The Company has neither identified the location of the office premises nor has its identified personnel to be posted for the proposed upgradation of products to international standards.

MP: The management does not foresee any difficulty in obtaining the office premises at the locations where the Company wants to expand its operation to. The management also does not foresee any difficulty in recruiting and posting the suitable personnel.

- (xii) The business of the Company is highly dependent on technology and therefore any change in technology may adversely affect the business.

MP: The technologies selected by the Company have a long life span and enjoy global support. Any change in the technology will be global, giving adequate time for strategy and transition. The Company has competent technology team, which monitors the changes in the technology and in turn upgrades the technology employed by the Company, from time to time.

- (xiii) The valuations in the Software/ IT industry are presently high, which may not be sustained in future and may also not be reflective of future valuations in the industry. There are no standard valuation methodology or accounting practices in the emerging internet/media and related industries. The financials of the company are not strictly comparable with the players in the industry.

- (xiv) The Company's revenues and profitability are dependent on a number of factors and may vary significantly from quarter to quarter. Therefore, the historical financial results may not be an accurate indicator of future performance.

- (xv) The Company's success depends in large part upon its senior management and key personnel and its ability to attract and retain them.

- (xvi) TelExcell Information Systems Limited has filed a case against the company and its directors, Mr. Annand Sarnaik and Mrs. Divyani Sarnaik with the Additional magistrate court of Girgaum, Mumbai. vide case no. 1202 of 2003 under section 138 and 141 of the Negotiable Instruments Act for dishonor of cheques amounting Rs. 7,82,105.

- (xvii) As per the revised estimation made by the Management of the Company, there will be a delay of nine months in implementation of the project.

B. EXTERNAL TO THE COMPANY

- (i) The IT Industry is human-resource intensive and is dependent on individual skill sets, which may or may not be readily available or replaceable. Low availability of skilled manpower and high rate of employee turn over in the industry will lead to additional cost of investing in employee's training.

MP: About 60% of the higher-level staff have been with the Company for a minimum of 3 years. Employee turnover at lower level will not have a significant impact on the operations or profitability of the Company. Investment in training of people is a continuous process and is not directly related to attrition rates. The training expense is usually factored in the cost of service provided.

- (ii) In the recent past the Company's export earnings have gone up exposing it to the exchange risk.

MP: The Company is expanding its presence domestically also and is taking adequate steps to balance its revenue streams.

- (iii) Changes in Government policies and regulatory environment in a particular country may have an impact on the Company's business.

MP: The Company is spreading its geographical risks to avoid any such possibility.

- (iv) The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue.

Notes to Risk Factors:

1. Pre-Issue Net worth of the Company as on March 31, 2005 is Rs.1149.01 lakhs and the size of the issue is Rs.1386.00 lakhs.
2. The average cost of acquisition of Equity Shares of the Promoter is Rs.5.52
3. Book value of the Equity Shares of the Company as on March 31, 2005 is Rs. 15.17 per share.
4. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 70 before making an investment in this Issue.
5. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange.
6. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
7. Related party transactions are given as notes to account in Auditors Report on page no.85 of this Prospectus.

8. No loans and advances have been made to any person(s) /Companies in which directors are interested.
9. The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits other than what has been disclosed under the caption, "Related party transactions" on page no. 85 of this Prospectus.
10. None of the business ventures of the promoters have business interest or other interest in the Company.

XVIII. REDRESSAL OF INVESTOR GRIEVANCES

For servicing its investors in better manner, the company has constituted the shareholders/ investors grievance committee of the board under the chairmanship of a Non executive director to look into the investor grievances and lay down policies/ guidelines for providing better service to the investor. The company will be co-coordinating with the R&T agent for solving Investor issues. The company Secretary will also be looking after the investors' grievances and will ensure that the grievances are promptly attended and redressed. He will also liason with the stock Exchanges, SEBI and other regulatory authorities for time to time for ensuring better service to the investors. Investors' grievances which are not resolved at the level of the Registrar & Transfer Agents/ Compliance officer, will be placed before the Investor Grievances committee, which will look into it and give necessary directions in the matter, to the Company Secretary/ Compliance Officer .For IPO related investor grievances the company has made arrangements with the Registrars to the issue for speedy disposal of the Grievances.

The Registrar to the Issue will handle investors grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrars to the Issue in attending to the grievances of the investors.

The Company assures that the following schedules shall be adhered to by the Board of Directors in respect of the complaints, if any, to be received.

S.No.	Nature of the Complaint	Time Taken
1	Non-receipt of the refund warrants or share certificates	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 public issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Amit Prakash Jaste as Compliance Officer who would directly deal with SEBI office with respect to implementation 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 will be available at the following address:

801, Balarama Building,
 Bandra-Kurla Complex, Bandra East,
 Mumbai - 400 051
 Tel: +91-022-5696 3333 Fax : +91-022-5696 3344
 Email: ipo@paradyne.co.in

PART II

A. GENERAL INFORMATION

CONSENTS

Consents in writing of the Directors, Auditors, Lead Manager to the Issue, Bankers to the Company, Bankers to the Issue, Company Secretary and Compliance Officer, Manager (Accounts & Finance), Legal Advisors, Registrars to the Issue to act in their respective capacities have been obtained and filed along with Copy of Prospectus with the Registrar of Companies, Maharashtra at Mumbai as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this prospectus for Registration with the said Registrar of Companies, Maharashtra at Mumbai.

M/s. Nilesh M Kapadia & Co., Chartered Accountants, Mumbai, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also of the tax-benefits accruing to the company and to the members of the company and such consent and report have not been withdrawn upto the time of delivery of this Prospectus for Registration with the Registrar of Companies, Maharashtra at Mumbai.

EXPERT OPINION

Except for the various tax benefits available to the Company and its members expressed by the auditors of the Company given on page no. 20 in the Prospectus, the Company has not obtained any other expert opinion.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Year change	Name of the Person of	Designation held	Particulars of change	Date of change	Reason
2002	Mr. Binod Kumar Mishra	Director	Resignation	03/11/2002	Due to Personal Reasons
2004	Mr. Dhiren Kothary	Director	Appointment	15/12/2004	To Broadbase the Board
2004	Mr. Y Krishnamurthy	Director	Appointment	15/12/2004	To Broadbase the Board
2004	Mr. Neeraj Vashisht	Director	Appointment	27/12/2004	To Broadbase the Board

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREFOR

There were no changes in the Auditors of the Company during last three years.

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on December 15, 2004 and a resolution passed by the Board of Directors at its meeting held on December 15, 2004.

Procedure for Allotment

1. The Board reserves, at its sole, absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any application in whole or in part. If any application is rejected in full, the whole of the application money received will be refunded to the applicant. If an application is accepted in part, the excess application money received, if any, will be refunded to the applicant in terms of section 73 of the Act (within 10 weeks from the date of closure of the subscription list).
2. Letters of allotment /or letters of regret along with refund cheques or pay orders of value over Rs.1500/-, if any will be dispatched by registered post at the applicants' risk, within ten weeks from the closure of subscription list and if such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company and every Director of the Company who is an Officer in default, shall, on and from the expiry of the 8th day be jointly and severally liable to repay that money with interest @ 15% per annum as prescribed under Section 73 of the Act.
3. Refunds will be made by cheque or pay orders drawn on the Company's Bankers and Bank Charges, if any, for encashing such cheques or pay orders will be borne by the applicant. Such Cheques or pay orders will however be payable at par at all centers where applications are accepted. In case of Joint Applications, refund pay Orders, if any will be made out to the first name applicant and all communications will be addressed to the applicant whose name appears first at his/her address as stated in the application form. All Cheques, pay orders of value over Rs.1500/-, letters of allotment and share certificates (as the case may be) will be dispatched to the applicant at his/her registered address and at the risk of the applicant by registered post. Refund Orders of value not over Rs.1500/- will be dispatched under Certificate of Posting.
4. The subscription received against the Public Issue will be kept in separate bank accounts and the Company will not have access to such funds unless they have received an approval from Bombay Stock Exchange Limited for allotment, no utilization shall be made till listing approval is available from each of the exchanges where listing has been proposed.
5. The Company undertakes to make available to the Registrars to the Issue, adequate funds for the purpose of despatch of refund orders/allotment letters/ by registered post.

INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at the rate up to 15% p.a. on the excess application money will be made to the applicants for the delay period beyond 78 days from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their No.F-8/6/SE/79 dated 21st July, 1983, and as amended by letter No.F/14/2/SE/85 dated 27th September, 1985 addressed to the Stock Exchanges.

BASIS OF ALLOTMENT:

For Net offer to the Public portion

In the event of public Issue of Equity Shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 150 shares as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.50,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/ Managing Director of the Designated Stock Exchange along with the Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the SEBI Guidelines.
2. The balance of the net Issue to Indian public shall be made available to investors including Corporate Bodies/ Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs.50,000/-.
3. The Unsubscribed portion of the net Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each Applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 150 shares per Applicant, the allotment shall be made as follows:
 - i. Each successful Applicant shall be allotted a minimum of 150 shares; and
 - ii. The successful Applicants out of the total Applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (6) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 150 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All Applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful Applicants in that category.
11. The balance shares, if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 150, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10 % of the net offer to public.

DESPATCH OF REFUND ORDERS

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting and refund order over the value of Rs.1500/- by Registered Post only. The Company would also make available adequate funds to the Registrars to the Issue for this purpose.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

No receipt will be issued for application money. However, the Bankers to the Issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each application.

The sum received in respect of the issue will be kept in separate bank accounts and the Company will not have any access to the funds unless approval of the Bombay Stock Exchange Limited is obtained for the basis of allotment and listing and trading approval from all the Stock Exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

APPLICATION OF SECTION 269 SS OF THE INCOME TAX ACT, 1961

In respect of the provisions of section 269SS of the Income Tax act, 1961, the subscription against the equity shares should be effected only by an account payee cheques or an account payee draft, if the amount payable is Rs. 20000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

ISSUE OF SHARE CERTIFICATES

In case the Company issues Letters of Allotment, the related equity share certificates will be dispatched through registered post within two (2) months from the date of allotment in exchange of the Letters of Allotment.

DENOMINATION OF SHARE CERTIFICATES

As the trading of the Company's shares will be undertaken in dematerialized form only, the Company shall Issue the shares to all applicants who provide their demat account details in dematerialized form only. However, an investor will have an option to hold the shares in physical form or demat form. The Registrar to the Issue will issue to the said allottee a single certificate for all the shares allotted to the said applicant in case an investor requests for re-materialization of his/her shares.

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue

Karvy Investor Services Limited

"Karvy House",
46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad - 500 034
Tel. No. +91 40 23374714/23320751
Fax No. +91 40 23374714
Email: mbd@karvy.com

Registrars to the Issue

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate
Sakivihar Road
Saki Naka, Andheri(E)
Mumbai 400 072
Tel.: +91 22 28473747/28473474
Fax : +91 22 28475207
Email: bigshare@bom7.vsnl.net.in
SEBI Regn No. INR000001385

Legal Advisors

Messrs. Udawadia & Udeshi

Advocates & Solicitors,
Thomas Cook Building, 2nd & 3rd Floor,
D N Road, Fort, Mumbai - 400 001.
E-mail: uubbom@uubindia.com
Telephone No. + 91 - 022- 22883345

Auditors to the Company

Nilesh M. Kapadia & Co.,

Chartered Accountants,
205, Apollo Complex, R K Singh Marg,
Off Old Nagardas Road, Andheri East, Mumbai - 400 069.

Banker to the Company

Corporation Bank

Baitul Sharaf, 105, Hill Road,
Bandra West, Mumbai 400 050.

Mandvi Co-operative Bank Ltd,

Vyapar Bhavan, 1st Floor,
49, P. D'Mello Road, Carnac Bunder, Mumbai - 400 009.

HDFC Bank Limited

Bandra Ocean View CHS, Near Mehboob Studio,
Hill Road, Bandra West, Mumbai - 400 050

Central Bank of India

Mumbai main Branch,
Mahatma Gandhi Road, Mumbai- 400023.

Bankers to the Issue

ICICI Bank Limited

Capital Market Division,
30, Mumbai Samachar Marg, Fort, Mumbai - 400 001
Tel.: +91-22-22655285 Fax: +91-22-22611138
Website: www.icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

HDFC Bank Limited

HDFC Bank House, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.
Tel: +91-22-28569228 Fax: +91-22-28569256
Website: www.hdfcbank.com
Contact Person: Mr. Rahul Sampat

Corporation Bank

Investment and International Banking Division
15, Mittal Chambers, Nariman Point, Mumbai - 400 021
Tel.: +91-22-22023304 Fax: +91-22-22851715
Website: www.corpbank.com
Contact Person: Mr. N K Joshi

Compliance Officer

Mr. Amit Prakash Jaste
Company Secretary,
801, Balarama Building, Bandra-Kurla Complex, Bandra
East, Mumbai - 400 051
Tel: + 91 - 022- 5696 3333 Fax: + 91 - 022 - 5696 3344
E-mail: cs@paradyne.co.in

Investors may note that in case of any pre Issue/ post Issue related problems such as non-receipt of letters of allotment / share certificates / refund orders, etc. they should contact the Compliance Officer.

BROKERS TO THE ISSUE

All the members of the recognized Stock Exchanges can act as Brokers to the Issue.

B. FINANCIAL INFORMATION AND AUDITORS REPORT

RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS AS PER INDIAN GAAP

AUDITOR'S REPORT

To,

**The Board of Directors,
M/s Paradyne Infotech Limited**

801, Balarama,
Bandra-Kurla Complex,
Bandra East,
Mumbai - 400 051.

Subject: Your Proposed Public Issue

Dear Sirs,

We have examined the accounts of M/s Paradyne Infotech Limited ('the Company') for the Four financial years ended 31st March 2002, 31st March 2003, 31st March, 2004 and 31st March 2005 being the last date to which the accounts of the company have been made up and audited by us for presentation to the members of the Company. The accounts of the Company for the year ended 31st March 2001 have been audited by M/s. Puneet Gupta & Co. Chartered Accountants.

We have accepted the relevant accounts in respect of M/s Intercon Management Services Private Limited, a subsidiary of the Company, as prepared and approved by its Board of Directors, for the financial year ended 31st March 2002, and 31st March 2003, and audited by M/s G.M Mehra & Co. Chartered Accountants. and for the financial year ended 31st March 2004 and 31st March 2005 as prepared and approved by its Board of Directors and audited by M/s. Keval Gandhi & Associates, Chartered Accountants. We have also accepted the relevant unaudited accounts in respect of M/s Sundune Corporation, U.S.A a wholly owned subsidiary of the Company for the financial years ended 31st March 2002, 31st March 2003, 31st March 2004 and 31st March 2005 as prepared and approved by its Board of Directors.

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 (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 20th June,2005 requesting us to make this report for the purpose of the Offering Memorandum as aforesaid, we report that:

- (a) The restated profits of the Company for the financial years ended 31st March 2001, 2002, 2003, 2004 and 2005 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III to this report.
- (b) The restated assets and liabilities of the Company as at 31st March, 2001, 2002, 2003, 2004 and 2005, are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III to this report.
- (c) The rates of dividends paid by the Company in respect of the financial years ended 31st March, 2001, 2002, 2003, 2004 and 2005 are as shown in Annexure IV to this report.
- (d) We have examined the following unconsolidated financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offering Memorandum: -
 - a. Details of secured loans as appearing in Annexure V to this report
 - b. Details of other income as appearing in Annexure VI to this report
 - c. Accounting Ratios as appearing in Annexure VII to this report.
 - d. Capitalisation Statement as at 31st March 2005 as appearing in Annexure VIII to this report.
 - e. Details of unsecured loans as appearing in Annexure IX to this report.
 - f. Statement of tax shelters as appearing in Annexure X to this report.

In respect of financial information contained in this report, we have relied upon the audited financial statements for the year ended 31st March 2001 which were audited by a firm of Chartered Accountants other than us, as referred to above.

In our opinion the above financial information of the company read with significant accounting policies attached in Annexure III to this report, 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 SEBI Guidelines.

- (e) In accordance with Para 6.18.3 of the SEBI Guidelines, also attached are restated financial statements of the Company's subsidiaries, viz M/s Intercon Management Services Private Limited in Annexure XI and M/s Sundune Corporation in Annexure XII to this report respectively. The financial statements of the Company's subsidiaries have not been consolidated in to the Company's financial statements.

We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of subsidiaries viz. Intercon Management Services Private Limited and Sundune Corporation, USA for the financial year ended 31st March, 2002, 31st March, 2003, 31st March, 2004 and 31st March 2005 which have been reported upon by other auditors,(if any) mentioned therein.

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

Yours faithfully,

For NILESH M. KAPADIA & CO.

Chartered Accountants

Sd/-

Nilesh M. Kapadia

Partner

Membership No. 33697

Mumbai

Date : 24th June 2005

PARADYNE INFOTECH LIMITED
STATEMENT OF PROFITS AND LOSSES, AS RESTATED
ANNEXURE I

(Rs. In Lakhs)

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
A Income					
System Integration	2,607.92	3,169.79	3,052.42	4,245.70	5,061.25
Software Services	81.29	232.14	309.26	652.17	1,294.13
Managed Services	46.60	89.35	161.88	213.41	495.52
Other income	4.74	11.94	30.26	1.50	1.75
Total	2,740.55	3,503.22	3,553.82	5,112.78	6,852.65
B Expenditure					
Software Development , Purchases & Other Expenses	2,630.59	3,353.34	3,450.42	4,780.06	6,197.77
Interest	11.63	14.76	41.00	38.02	35.75
Depreciation & Amortization	6.54	12.42	19.38	18.89	37.40
Total	2,648.76	3,380.52	3,510.80	4,836.97	6,270.92
C Net profit before tax and adjustments	91.79	122.70	43.02	275.81	581.72
Taxation					
Current income tax	24.58	-	5.25	3.88	30.03
Deferred income tax	-	-	6.30	1.47	53.70
Prior year Deferred Taxes Written Back	-	-	-	-	(2.02)
D Net profit After Tax	67.21	122.70	31.47	270.46	500.02
Adjustments					
Impact of Change in Accounting Policies					
1) Provision for Retirement Benefits	-	-	(0.25)	-	-
2) Reversal of Provision of Retirement Benefit Written Back	-	-	(1.90)	-	-
Total Impact of Adjustment	-	-	(2.15)	-	-
Tax Impact of Adjustment	-	-	-	-	-
Total Impact of Adjustment after Tax	-	-	(2.15)	-	-
E Net Profit After Extra Ordinary Items	67.21	122.70	29.32	270.46	500.02

Note: The above should be read with Notes to Statements of Profits and Losses and Assets and Liabilities, as restated and Accounting Policies, as appearing in Annexure III.

PARADYNE INFOTECH LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS RESTATED
ANNEXURE II
(Rs. In Lakhs)

Particulars	As on 31.03.2001	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A Fixed Assets					
Gross Block	124.01	178.39	205.14	210.20	705.39
Less : Depreciation	(11.36)	(23.77)	(43.15)	(62.03)	(90.58)
Net Block	112.65	154.62	161.99	148.17	614.81
Capital Work in Progress	-	-	-	-	81.00
Total (A)	112.65	154.62	161.99	148.17	695.81
B Investments	-	204.25	204.75	204.75	204.76
C Current Assets, Loans and Advances					
Inventories	26.27	49.25	50.55	64.29	118.28
Sundry Debtors	523.61	603.56	624.06	1,229.70	850.38
Cash and Bank Balances	10.88	12.39	31.79	77.62	30.53
Loans and Advances	130.12	90.65	108.32	226.92	101.80
Total (C)	690.88	755.85	814.72	1,598.53	1,100.99
D Liabilities and Provisions					
Secured Loans	56.50	275.99	300.66	141.16	314.57
Unsecured Loans	-	83.70	27.04	4.45	5.93
Current Liabilities	581.78	565.30	546.14	960.20	317.53
Deferred Tax Liability	-	-	22.19	23.66	75.33
Provisions	33.39	8.71	29.25	65.91	139.19
Total (D)	671.67	933.70	925.28	1,195.38	852.55
Net worth (A+B+C-D)	131.86	181.02	256.18	756.07	1,149.01
E Represented by					
Share Capital	43.31	129.92	129.92	505.11	757.67
Share Application monies	-	-	83.71	-	-
Reserves and Surplus	88.60	51.14	42.58	250.98	391.36
Total (E)	131.91	181.06	256.21	756.09	1,149.03
F Less: Misc. Expenditure (to the extent not written off or adjusted)	(0.05)	(0.04)	(0.03)	(0.02)	(00.02)
Total G (E-F)	131.86	181.02	256.18	756.07	1,149.01

Note: The above should be read with Notes to Statements of Profits and Losses and Assets and Liabilities, as restated and Accounting Policies, as appearing in Annexure III.

ANNEXURE - III
Notes to the statement of profits and losses and assets and liabilities, as restated
A. Change in Accounting Policies
1. Retirement Benefits:

During the Financial Year 2002-2003 the Company changed the method of Accounting for Retirement Benefits from accrual basis to cash basis. Hence, the Company had written back earlier years estimated liabilities of Rs. 1,90,301/-, which had a corresponding effect of reducing the staff cost in the said year. During the financial year 2003- 2004, the company has reverted back its earlier method of providing retirement benefits on accrual basis; however the liability is now provided for an amount estimated by the management as adequate for this purpose, rather than based on actuarial valuation as was done earlier. In the restated accounts, the profit for the year ended 31st March 2003 has been restated on the basis followed in the subsequent year.

2. Share Capital:

During the financial year 2003-2004 the Company had sub-divided the nominal value of its equity shares from Rs. 10/- each to Rs. 5/- each. As a result 12,99,210 equity shares outstanding as on 24th March 2004 were sub-divided into 25,98,420 equity shares having nominal value of Rs. 5/- each. During the said financial year the Company had also allotted 75,03,844 Equity Shares of Rs. 5/- each. As a result the aggregate paid up capital of the Company as on 31st March 2004 had increased to Rs. 5,05,11,320/- from Rs. 1,29,92,100/-.

During the financial year 2004-2005, the Company again re-consolidated its equity share of Rs. 5/- each into that of Rs. 10/- each. Further, the company had issued bonus in the ratio of one equity share for every two shares held by its existing share holders as on 30.09.2004. As a result, the issued capital of the Company stood at 75,76,698 equity shares of Rs. 10/- each aggregating to Rs. 7,57,66,980/- as at 31st March 2005.

3. Investments

A sum of Rs. 7,43,200 /- was invested in M/s Sundune Corporation, U.S.A. during the year ended 31st March 2002. However the same was included under "Loans and advances" in the Balance Sheet as at 31st March 2002. The same has been restated under the head "Investments" in the statements of Assets and Liabilities for that year.

4. Direct Revenue

The Revenue of the Company was consolidated under the head "Sales and Service Charges" in its audited accounts up to year ended 31st March 2004. However in the statements of Profits and Losses, as restated, and as also in audited accounts for the year ended 31st March 2005, the same has been split into major heads as follows:

- a. System integration- representing resales of Hardware, System Software, Database Software, Networking Products with or without one another.
- b. Software Services- representing charges for development of software for customer.
- c. Managed Services- representing amount charged to the customer for Facility Management Services, Maintenance, upkeep of Hardware, System Software, Database, Networking Products etc.

5. Software Development, Purchases & Other Expenses

For the purpose of preparing the Statement of Profits and Losses, as restated, Material & Services charges, Staff costs, Administrative, Selling and Distribution expenses have been grouped under the above mentioned head.

The adjustments stated in 3, 4 and 5 above do not have any effect on the Profits /Losses of the Company.

6. Related Party Disclosures:

Related Party Disclosures are given in Annexure III A.

7. Following are the details of the Contingent Liabilities and commitments on Capital Account not provided for in the books of account, as on 31st March 2005.

Particulars	Rs. In lakhs
Unexpired Letters of Credit	121.27
Guarantees issued by the Bankers against Company's Counter Guarantee	47.39
Capital Commitments in respect of Capital work in progress (net of advances paid)	72.41
Total	241.07

Claims against the company not acknowledged as debts:

Zenith Limited has filed a criminal complaint against the Company for recovery of Rs.1,80,000/- against purchase of servers. Certain directors of the Company have also been made party to the Complaint. In the opinion of the Management of the Company, the claim is frivolous and not tenable.

B. Significant Accounting Policies:

1. Basis of Accounting

The financial statements have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise are accounted on cash basis.

2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (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

- i. System Integration- Revenue from System Integration is recognized on delivery to the customer and acknowledgement thereof, in accordance with the terms of the individual contracts.
- ii. Software Services- Revenue from Software services is recognized when the software is developed and installed / delivered to the customers as per the terms of the contract.
- iii. Managed Services- Revenue from Managed Services is recognized over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognized on renewal of contract or on receipt of payment.

4. Fixed assets and depreciation

- i. All fixed assets are stated at cost less accumulated depreciation. For this purpose, cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
- ii. Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight-line basis at rates prescribed in schedule XIV of the Companies Act, 1956.
- iii. Capital Work-in-progress includes advances paid for acquiring the Fixed Assets, and cost of assets pending installation/ commissioning.

5. Investments

Long term Investments are stated at cost. A provision for diminution in value is made to recognize a decline, if any, other than temporary, in the value of long term investments. Short-term investments are valued at lower of cost and net realizable value.

6. Inventories

Inventories include stocks of computer equipments and peripherals etc. in respect of System Integration activities of the Company and the same is valued at lower of cost (net of provision for obsolescence) or net realizable value. Cost is determined on First In First Out (FIFO) basis.

7. Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized in the profit and loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as adjustments to the carrying cost of such fixed assets.

8. Accounting for Employee Benefits

The Company makes contribution to Provident Fund and the same is charged to Profit and Loss account. Provision for gratuity and leave encashment is determined as per actuarial valuation at the year-end.

9. 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.

10. Impairment

Impairment Loss is recognized whenever the carrying amount of an asset is in excess of its recoverable amount. The Impairment Loss is recognized as an expense in the Statement of Profit and Loss and carrying amount of the asset is reduced to its recoverable value.

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. Preliminary expenses

Preliminary expenses consists of expenditure incurred on formation of the company and are equally amortised over a period of ten accounting years.

13. Earning per Share

The earning considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year adjusted for issue of Bonus shares, if any.

THE RELATED PARTIES TRANSACTIONS ARE AS GIVEN BELOW:

ANNEXURE - IIIA

(Rs. In Lakhs)

Name of the related party	Nature of relationship	Nature of transaction	Amount of transaction					Balance at the year end			
			2000-01	2001-2002	2002-2003	2003-2004	2004-2005	2001-2002	2002-2003	2003-2004	2004-2005
Intercon Management Services Pvt. Ltd.	Subsidiary Company	Investment in Equity Shares	-	196.82	0.50	-	-	196.82	197.32	197.32	197.32
Sundune Corporation USA	Subsidiary Company	Investment in shares	7.43	-	-	-	-	7.43	7.43	7.43	7.43
Intercon Management Services Pvt. Ltd.	Subsidiary Company	Advances/ (Payable)	-	12.82	16.95	0.65	-	12.82	(4.13)	(10.17)	(11.24)
Intercon Management Services Pvt. Ltd.	Subsidiary Company	Rent paid/ Payable	-	-	-	2.25	40.68	-	-	-	-
Mr. Annand Sarnaik	Managing Director	Directors remuneration	11.72	4.80	-	7.20	10.75	-	-	-	-
Mr. Annand Sarnaik	Managing Director	Unsecured loan	24.06	24.06	-	0.60	(24.06)	-	-	-	(0.60)
Mr. Annand Sarnaik	Managing Director	Issue of Shares by the company	13.40	26.80 (Bonus Shares issued)	-	211.27	147.26 (Bonus Shares issued)	-	-	-	-
Mrs. Divyani A Sarnaik	Executive Director	Directors remuneration	11.44	4.80	-	7.20	10.75	-	-	-	-
Mrs. Divyani A Sarnaik	Executive Director	Unsecured loan	2.09	33.31	33.31	0.10	0.60	(33.31)	-	(0.10)	(0.60)
Mrs. Divyani A Sarnaik	Executive Director	Issue of Shares by the company	15.35	30.71 (Bonus Shares issued)	-	130.09	88.08 (Bonus Shares issued)	-	-	-	-
Mr. Shantanu Rooj	Director	Directors remuneration	11.84	4.80	1.60	-	-	-	-	-	-
Mr. Shantanu Rooj	Director	Unsecured loan	-	24.31	2.28	1.00	(1.45)	(24.31)	(22.03)	(1.45)	-
Mr. Nikhil Sarnaik	Relative of Managing Director	Unsecured loan	-	-	-	-	1.84	-	-	(2.89)	(4.73)

Note: Figures in bracket denotes payables.

ANNEXURE - IV
STATEMENT OF RATE OF DIVIDEND PAID DURING LAST FIVE YEARS.

Sr. No.	Year Ended	Dividend in % (on pro-rata basis)	No. of Shares	Face Value of Equity Share
1	31st March, 2001	1000%	433,070	Rs.10/- each
2	31st March, 2002	150%	1,299,210	Rs.10/- each
3	31st March, 2003	15%	1,299,210	Rs.10/- each
4	31st March, 2004	24%	10,102,264	Rs.5/- each
5	31st March, 2005	15%	75,76,698	Rs.10/- each

ANNEXURE -IVA
SUNDRY DEBTORS

(Rs. in Lakhs)

	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005
Outstanding for more than 6 months	10.90	295.91	443.93	489.64	196.94
Outstanding for less than 6 months	512.71	307.65	180.13	740.06	653.44
Total	523.61	603.56	624.06	1229.70	850.38

None of the Promoters/Directors of the Company are Sundry Debtors and/or beneficiaries of loans and advances of the Company and that none of the Sundry Debtors /beneficiaries of Loans and advances are in any way related to the Directors of Promoters of the Company other than those disclosed under the section "Related Party Transactions"

ANNEXURE - V
SECURED LOANS

(Rs.in Lakhs)

Particulars	2000 -2001	2001 -2002	2002 -2003	2003 -2004	2004 -2005	Current Rate of Interest (%)	Security offered
Term Loans							
Corporation Bank	11.44	8.16	172.35	--	29.18	14.00	Computers & Ancillary equipments
Mandvi Co-op. Bank Ltd.	--	175.56	--	42.42	117.02	14.50	Office premises & personal properties of Promoters.
Mandvi Co-op. Bank Ltd.	-	-	-	-	78.00	18.00	Second Charge on Property at MAHAPE
MIDC Mahape	33.67	33.67	35.35	38.84	15.51	14.50	Property at Mahape
Working Capital facility from Corporation Bank	--	47.55	87.33	58.76	44.57	13.50	Stock & Book Debts
ICICI / Kotak Mahindra Bank(Vehicle Loan)	11.39	11.05	5.63	1.14	13.32	15.50	Respective Vehicles
Debentures issued to Wipro Ltd.	-	-	-	-	126.00	9.00	Movable Properties of the Company, Second charge on Immovable Properties of Subsidiary & Personal Guarantees of certain directors of the Company
Total	56.50	275.99	300.66	141.16	345.60		

ANNEXURE - VI
DETAILS OF OTHER INCOME

(Rs. in Lakhs)

Particulars	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Interest Received	1.63	7.04	2.68	0.29	1.02
Miscellaneous Income (including gains on exchange fluctuation)	3.11	4.90	9.96	1.21	0.73
Unclaimed balances written back (non- recurring; arising out of normal business activities)	-	-	17.62	-	-
Total	4.74	11.94	30.26	1.50	1.75

ANNEXURE - VII
STATEMENT OF ACCOUNTING RATIOS FOR THE YEARS 2000-01 to 2004-2005

Sr. No.	Particulars	2000-2001	2001-02	2002-03	2003-04	2004-05
1.	Earning Per Share (Rs.)	207.58	6.30	1.50	7.49	6.60
2.	Return On Net Worth (%)	50.97	67.78	11.44	35.77	43.52
3.	Net Asset Value (Rs.)	30.45	13.93	19.72	14.97	15.17

Notes :

- 1) The ratios have been computed as below -
 - a) Earnings per share (Rs.) $\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year adjusted for issue of Bonus Shares}}$
 - b) Return on net worth $\frac{\text{Net profit after tax}}{\text{Net worth at the end of the year}}$
 - c) Net asset value (Rs.) $\frac{\text{Net worth at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$
- 2) Net profit, as restated as appearing in the Statement of profits and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the standalone (unconsolidated) restated financial statements of the Company.
- 3) On 24th March 2004 the Company made a split of its 1 equity share of Rs. 10/- each into 2 equity shares of Rs. 5/- each. Subsequently on 6th September 2004 the Company reconstituted its equity shares of Rs. 5/- into Rs. 10/- each. In view of this, the above ratios have been computed on nominal value of Rs. 10/- each per equity share.

ANNEXURE - VIII
CAPITALISATION STATEMENT

(On issue of 33,00,000 Equity Shares of Rs. 42/- each)

(Rs. in Lakhs)

Particulars	As on 31st March, 2005	As adjusted for issue
TOTAL DEBT:		
Short Term Debt.	44.56	44.56
Long Term Debt.	306.97	306.97
Total Debt.	351.53	351.53
Share Holders Funds:		
Share Capital	757.67	1,087.67
Reserves (Net of Miscellaneous expenses to the extent not written off or adjusted)	391.36	1447.36
Total Shareholders Funds	1,149.03	2535.03
Long Term Debt/ Share Holders Funds	0.27:1	0.12:1

Note:

- 1) Long term debt represents Term loan from banks/ financial Institutions, Debentures, Vehicle Loans and unsecured loans from Directors and Shareholders.
- 2) Short Term Debt represents Working Capital facilities from Banks.

ANNEXURE - IX

DETAILS OF UNSECURED LOAN

Rs. in Lakhs

Particulars	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
From Directors / Shareholders	-	83.70	27.04	4.45	5.93
Total	-	83.70	27.04	4.45	5.93

Note: The unsecured loans are interest free without any fixed re-payment schedule.

ANNEXURE - X

STATEMENT OF TAX SHELTERS

(Rs. in Lakhs)

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Effective Tax Rate	39.55%	35.70%	36.75%	35.88%	36.59%
Profit / (Loss) before tax	91.79	122.70	43.02	275.81	581.72
Tax on Net Profit As per applicable rate	36.30	43.80	15.81	98.96	212.85
Adjustments:					
Difference between tax depreciation and book depreciation	(13.04)	(21.65)	(17.56)	(4.09)	(167.42)
Benefit u/s 10A	(25.29)	(112.55)	(26.14)	(272.01)	(349.70)
Other Adjustment	3.87	9.54	9.53	6.57	14.88
Net Adjustments	(34.46)	(124.66)	(34.17)	(269.53)	(502.24)
Tax Saving on above	(13.63)	(44.50)	(12.56)	(96.71)	(183.77)
Tax Liability	22.67	NIL	3.25	2.25	29.08

ANNEXURE XI

Intercon Management Services Private Limited

Notes to the statement of profits and losses and assets and liabilities, as restated

A. General Information:

Intercon Management Services Private Limited was incorporated on 7th February 1991 vide certificate of incorporation no. 11-60143 of 1991.

The authorized, issued, subscribed and paid-up capital of Intercon Management Services Private Limited is Rs. 1,00,000/- comprising 1000 equity shares of Rs. 100/- each. Paradyne Infotech Limited acquired 99.70% equity in this Company in February 2002.

The main object of this Company is to provide management services of all kinds and to act as Management Consultants in field of Industrial, Commercial, Administrative activities etc.

Shareholding pattern of the Company is as follows:

Name of Shareholder	% of Shareholding
Paradyne Infotech Limited	99.70
Others	0.30

The Board of Directors of the company comprises of Mr. Annand Sarnaik, Mrs. Divvyani A Sarnaik and Mr. Shantanu Roj.

STATEMENT OF PROFITS AND LOSSES, AS RESTATED
ANNEXURE XI

(Rs. In Lakhs)

Particulars	Year ended 31.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Year ended 31.03.2005
A: Income				
Service Charges	7.50	3.15	2.25	1.32
Other income	1.79	0.12	0.65	40.68
Total	9.29	3.27	2.90	42.00
B: Expenditure				
Admin., Selling & Distribution Expenses	2.38	0.64	0.22	2.16
Depreciation	2.68	2.54	2.41	2.29
Interest	-	-	-	18.78
Total	5.06	3.18	2.63	23.23
C: Net Profit before tax and extraordinary items	4.23	0.09	0.27	18.77
Taxation				
Current Income Tax	1.25	0.01	0.02	6.24
Deferred income tax	-	0.06	0.08	0.58
Prior Year Deferred Taxes Written back	-	-	-	0.49
D: Net profit before extraordinary items	2.98	0.02	0.17	11.46
Add/(less): Extraordinary items	-	-	-	-
E: Net Profit after extraordinary items	2.98	0.02	0.17	11.46

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
ANNEXURE XI

(Rs. in Lakhs)

Particulars	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A: Fixed Assets				
Gross block	82.83	82.83	82.83	104.52
Less: Depreciation	(32.12)	(34.66)	(37.07)	(39.36)
Net block	50.71	48.17	45.76	65.16
Capital Work in progress	-	-	195.00	173.31
Total (A)	50.71	48.17	240.76	238.47
B: Current Assets. Loans and advances				
Sundry Debtors	-	3.15	5.40	12.56
Cash and bank balances	0.27	0.36	0.21	1.06
Loans and advances	22.02	7.94	23.58	27.01
Total (B)	22.29	11.45	29.19	40.63
C: Liabilities and provisions				
Secured loans	-	-	210.00	200.30
Current liabilities	12.91	0.07	0.17	0.23
Deferred tax liability	-	7.80	7.88	7.98
Provisions	1.14	0.01	-	6.25
Total (C)	14.05	7.88	218.05	214.76
Networth (A+B-C)	58.95	51.74	51.90	64.34
D: Represented by				
Share Capital	0.50	1.00	1.00	1.00
Reserves and Surplus	58.45	50.74	50.90	63.34
Total	58.95	51.74	51.90	64.34

NOTES FORMING PART OF ACCOUNTS

(A) Statement of Significant Accounting Policies followed in the Compilation of Accounts.

1. Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention in accordance with the Normally Accepted Accounting Principles and the provision of the Companies Act, 1956 and Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Recognition of Revenue:

Business Centre service charges are recognized on accrual basis.

3. Fixed Assets:

- i) Fixed Assets are stated at cost less accumulated depreciation.
- ii) Cost of Fixed Assets also includes incidental expenses incurred to bring the assets for its intended use.
- iii) Amount shown in capital work in progress represent advance paid for the capital goods.

4. Depreciation:

- i) Depreciation on Fixed Assets has been provided on basis of written down value method as per the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on addition to assets is calculated at the specified rate on pro-rata basis from the date of acquisition and put to use till the date of Balance Sheet.

5. Provision for Taxation:

Provision for current tax is made as per provision of the Income Tax Act, 1961. Deferred tax is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(B) Notes to Accounts:

Adjustment has been done for deferred tax liability for the year ended 31st March 2003, 2004 & 2005 which was netted out against accumulated balance in Profit & Loss Account in the audited financial statements. The same has been restated and included in 'Deferred Tax deducted' in the "Statement of Profits and Losses, as restated".

ANNEXURE XII

Sundune Corporation, USA

Notes to the statement of profits and losses and assets and liabilities, as restated

A. General Information:

Paradyne Infotech Limited set up M/s. Sundune Corporation, a wholly owned Subsidiary Massachusetts, USA in January 2001. This subsidiary was setup to market and to support implementation of Paradyne products in the region of North America. The investment of Paradyne Infotech Limited in its subsidiary Sundune Corporation, USA towards the equity capital is USD 16000 (approx. Rs. 7.43 lakhs). The directors of the Company are Mr. Annand Sarnaik and Mr. Shantanu Rooj.

The main object of this Company as stated in the Articles of Organization is to provide consulting, engineering, programming and technical services of all manner and kind to the computer hardware and software industry; to assist the computer hardware and software industry in locating competent professional, managerial, engineering and technical staff.

SUNDUNE CORPORATION
STATEMENT OF PROFITS AND LOSSES, AS RESTATED

ANNEXUE - XII
(In US Dollars)

Particulars	Year ended 31.03.2002	Year ended 31.03.2003	Year ended 31.03.2004	Year ended 31.03.2005
A Income				
Sales	-	28,600	1,500	7,440
Total	-	28,600	1,500	7,440
B Expenditure				
Admin, Selling and Dist. Expenses	10,199	26,677	58	6,993
Total	10,199	26,677	58	6,993
C Net Profit/(Loss) before tax and extraordinary items	(10,199)	1,923	1442	447
Taxes	-	624	517	-
D Net profit/(Loss) before extraordinary items	(10,199)	1,299	925	447
Add/(Less): Extra ordinary items	-	-	-	-
E Net Profit/(Loss) after extraordinary items	(10,199)	1,299	925	447

Note :-

As the company was incorporated in January, 2001 , the first accounts were prepared for the period ended 31st March, 2002, being the first period mentioned above.

SUNDUNE CORPORATION
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

ANNEXURE - XII
(In US Dollars)

Particulars	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A. Current assets. Loans and Advances				
Account receivables	1,000	-	1,500	8,940
Cash and bank balances	7,657	9,580	9,522	7,461
Other current assets	-	1,000	1,000	1,000
Total (A)	8,657	10,580	12,022	17,401
B. Liabilities and Provisions				
Current liabilities	2,856	2,856	2,856	7,322
Provisions for taxes	-	624	1,141	456
Total (B)	2,856	3,480	3,997	7,788
C. Net Current Assets (A-B)	5,801	7,100	8,025	9,613
Networth (A-B)	5,801	7,100	8,025	9,613
D Represented by				
Share Capital	16,000	16,000	16,000	16,000
Reserves and Surplus	(10,199)	(8,900)	(7,975)	(6,387)
Total	5,801	7,100	8,025	9,613

Note :-

As the company was incorporated in January, 2001, the first accounts were prepared for the period ended 31st March, 2002, being the first period mentioned above.

To

11th September, 2005

The Board of Directors
M/s Paradyne Infotech Limited
801, Balarama
Bandra-Kurla Complex
Bandra East
Mumbai 400 051

Dear Sirs,

Sub : Your proposed Public Issue

In continuation of our Report (dated 24th June 2005) on Restated Unconsolidated Financial Statements, we further report as follows :

We have verified the attached summarized consolidated Balance Sheets, as restated, as at 31st March 2001, 2002, 2003, 2004 and 2005 and the summarized Profit and Loss Accounts, as restated, for the years ended on those dates, read with Notes thereon, attached thereto, and report that, the consolidation of the accounts of your company with its following subsidiaries; viz; (i) Intercon Management Services Private Limited, Mumbai and (ii) Sundune Corporation, USA has been done in accordance with AS21 issued by the Institute of Chartered Accountants of India, with effect from the date they became subsidiaries of the company.

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 consent.

For Nilesh M Kapadia & Co.
Chartered Accountants

Sd/-

Nilesh Kapadia

Partner

Membership No.33697

11th September, 2005

**PARADYNE INFOTECH LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED RESTATED STATEMENT OF PROFITS AND LOSSES (SUMMARISED)**

(Rs. in Lakhs)

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
A Income					
System Integration	2,607.92	3,169.79	3,052.42	4,245.70	5,061.25
Software Services	81.29	232.14	323.03	652.85	1,297.37
Managed Services	46.60	89.35	161.88	213.41	495.52
Service Charges	-	7.50	3.15	-	1.32
Other income	4.74	13.73	30.38	2.15	1.75
Total	2,740.55	3,512.51	3,570.86	5,114.11	6,857.21
B Expenditure					
Software Development, Purchase. Admin & Other Expenses	2630.59	3,360.59	3,463.90	4,778.06	6,162.30
Interest	11.63	14.76	41.00	38.02	54.53
Depreciation & Amortization	6.54	15.10	21.92	21.30	39.69
Total	2,648.76	3,390.45	3,526.82	4,837.38	6,256.52
C Net profit before tax and adjustments	91.79	122.06	44.04	276.74	600.69
Taxation					
Current income tax	(24.58)	(1.25)	(5.56)	(4.13)	(36.27)

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
Deferred income tax	-	-	(6.36)	(1.55)	(54.28)
Prior year Deferred Taxes Written Back			-	-	2.51
D Net profit After Tax	67.21	120.81	32.12	271.05	512.65
Adjustments					
Impact of Change in Accounting Policies					
1) Provision for Retirement Benefits	-	-	(0.25)	-	-
2) Reversal of Provision of Retirement Benefit Written Back	-	-	(1.90)	-	-
Total Impact of Adjustment	-	-	(2.15)	-	-
Tax Impact of Adjustment	-	-	-	-	-
Total Impact of Adjustment after Tax	-	-	(2.15)	-	-
E Net Profit After Extra Ordinary Items	67.21	120.81	29.97	271.05	512.65

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED (SUMMARISED)
(Rs. in Lakhs)

Particulars	As on 31.03.2001	As on 31.03.2002	As on 31.03.2003	As on 31.03.2004	As on 31.03.2005
A Fixed Assets					
Gross Block	124.01	261.22	287.97	293.03	809.91
Less : Depreciation	(11.36)	(55.89)	(77.81)	(99.10)	(129.94)
Net Block	112.65	205.33	210.16	193.93	679.97
Capital Work in Progress	-	-	-	195.00	254.31
Goodwill (on consolidation)	-	138.22	138.07	138.07	138.07
Total (A)	112.65	343.55	348.23	527.00	1,072.35
B Investments	-	-	-	-	-
C Current Assets, Loans and Advances					
Inventories	26.27	49.25	50.55	64.29	118.28
Sundry Debtors	523.61	604.05	627.21	1,235.75	866.85
Cash and Bank Balances	10.88	16.40	36.70	81.96	34.85
Loans and Advances	130.12	101.54	106.56	247.29	116.43
Total (C)	690.88	771.23	821.02	1,629.30	1,136.41
D Liabilities and Provisions					
Secured Loans	56.50	275.99	300.66	351.16	514.87
Unsecured Loans	-	83.70	27.04	4.45	5.93
Minority Interest	-	0.35	0.16	0.16	0.19
Current Liabilities	581.78	568.74	537.57	957.84	308.55
Deferred Tax Liability	-	-	29.99	31.54	83.31
Provisions	33.39	9.85	29.56	66.41	145.64
Total (D)	671.67	938.63	924.97	1,411.55	1,058.49
Net worth (A+B+C-D)	131.86	176.15	244.27	744.74	1,150.27
E Represented by					
Share Capital	43.31	129.92	129.92	505.11	757.67
Share Application monies	-	-	83.71	-	-
Reserves and Surplus	88.60	46.27	30.67	239.65	392.62
Total (E)	131.91	176.19	244.30	744.76	1,150.29
F Less: Misc. Expenditure (to the extent not written off or adjusted)	(0.05)	(0.04)	(0.03)	(0.02)	(0.02)
Total G (E-F)	131.86	176.15	244.27	744.74	1,150.27

Notes to the Consolidated statement of profits and losses and assets and liabilities, as restated:

A. Change in Accounting Policies

1. Retirement Benefits

During the Financial Year 2002-2003 the Company changed the method of Accounting for Retirement Benefits from accrual basis to cash basis. Hence, the Company had written back earlier years estimated liabilities of Rs. 1,90,301/-, which had a corresponding effect of reducing the staff cost in the said year. During the financial year 2003- 2004, the company has reverted back its earlier method of providing retirement benefits on accrual basis; however the liability is now provided for an amount estimated by the management as adequate for this purpose, rather than based on actuarial valuation as was done earlier. In the restated accounts, the profit for the year ended 31st March 2003 has been restated on the basis followed in the subsequent year.

2. Share Capital

During the financial year 2003-2004 the Company had sub-divided the nominal value of its equity shares from Rs. 10/- each to Rs. 5/- each. As a result 12,99,210 equity shares outstanding as on 24th March 2004 were sub-divided into 25,98,420 equity shares having nominal value of Rs. 5/- each. During the said financial year the Company had also allotted 75,03,844 Equity Shares of Rs. 5/- each. As a result the aggregate paid up capital of the Company as on 31st March 2004 had increased to Rs. 5,05,11,320/- from Rs. 1,29,92,100/-.

During the financial year 2004-2005, the Company again re-consolidated its equity share of Rs. 5/- each into that of Rs. 10/- each. Further, the company had issued bonus in the ratio of one equity share for every two shares held by its existing share holders as on 30.09.2004. As a result, the issued capital of the Company stood at 75,76,698 equity shares of Rs. 10/- each aggregating to Rs. 7,57,66,980/- as at 31st March 2005.

3. Direct Revenue

The Revenue of the Company was consolidated under the head "Sales and Service Charges" in its audited accounts up to year ended 31st March 2004. However in the statements of Profits and Losses, as restated, and as also in audited accounts for the year ended 31st March 2005, the same has been split into major heads as follows:

- a. System integration- representing resales of Hardware, System Software, Database Software, Networking Products with or without one another.
- b. Software Services- representing charges for development of software for customer.
- c. Managed Services- representing amount charged to the customer for Facility Management Services, Maintenance, upkeep of Hardware, System Software, Database, Networking Products etc.

4. Software Development, Purchases & Other Expenses

For the purpose of preparing the Statement of Profits and Losses, as restated, Material & Services charges, Staff costs, Administrative, Selling and Distribution expenses have been grouped under the above mentioned head.

The adjustments stated in 3 and 4 above do not have any effect on the Profits /Losses of the Company.

B. Significant Accounting Policies:

1. Principles of Consolidation

The Financial Statements of the Company and its subsidiary have been consolidated in accordance with Accounting Standard 21 -"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

2. Basis of Accounting

The financial statements have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise are accounted on cash basis.

3. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (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

- i. System Integration- Revenue from System Integration is recognized on delivery to the customer and acknowledgement thereof, in accordance with the terms of the individual contracts.
- ii. Software Services- Revenue from Software services is recognized when the software is developed and installed / delivered to the customers as per the terms of the contract.

- iii. Managed Services- Revenue from Managed Services is recognized over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognized on renewal of contract or on receipt of payment.
5. Fixed assets and depreciation
 - i. All fixed assets are stated at cost less accumulated depreciation. For this purpose, cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
 - ii. Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight-line basis at rates prescribed in schedule XIV of the Companies Act, 1956.
 - iii. Capital Work-in-progress includes advances paid for acquiring the Fixed Assets, and cost of assets pending installation/ commissioning.
6. Investments

Long term Investments are stated at cost. A provision for diminution in value is made to recognize a decline, if any, other than temporary, in the value of long term investments. Short-term investments are valued at lower of cost and net realizable value.
7. Inventories

Inventories include stocks of computer equipments and peripherals etc. in respect of System Integration activities of the Company and the same is valued at lower of cost (net of provision for obsolescence) or net realizable value. Cost is determined on First In First Out (FIFO) basis.
8. Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized in the profit and loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as adjustments to the carrying cost of such fixed assets.
9. Accounting for Employee Benefits

The Company makes contribution to Provident Fund and the same is charged to Profit and Loss account. Provision for gratuity and leave encashment is determined as per actuarial valuation at the year-end.
10. 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.
11. Impairment

Impairment Loss is recognized whenever the carrying amount of an asset is in excess of its recoverable amount. The Impairment Loss is recognized as an expense in the Statement of Profit and Loss and carrying amount of the asset is reduced to its recoverable value.
12. 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.
13. Preliminary expenses

Preliminary expenses consists of expenditure incurred on formation of the company and are equally amortised over a period of ten accounting years.

We confirm that all notes to accounts and significant accounting policies and auditors qualifications have been incorporated.

Changes in significant accounting policies

There are no changes in significant accounting policies other than what has been disclosed under the Auditors Report during the last five years.

DETAILS OF LOANS AND ASSETS CHARGED AS SECURITY

(Rs.in Lakhs)

Particulars	2000 -2001	2001 -2002	2002 -2003	2003 -2004	2004 -2005	Security offered
Term Loans						
Corporation Bank	11.44	8.16	172.35	--	29.18	Computers & Ancillary equipments
Mandvi Co-op. Bank Ltd.	--	175.56	--	42.42	117.02	Office premises & personal properties of Promoters.
Mandvi Co-op. Bank Ltd.	-	-	-	-	78.00	Second Charge on Property at Mahape
MIDC Mahape	33.67	33.67	35.35	38.84	15.51	Property at Mahape
Working Capital facility from Corporation Bank	--	47.55	87.33	58.76	44.57	Stock & Book Debts
ICICI / Kotak Mahindra Bank(Vehicle Loan)	11.39	11.05	5.63	1.14	13.32	Respective Vehicles
Debentures issued to Wipro Ltd.	-	-	-	-	126.00	Movable Properties of the Company, Second charge on Immovable Properties of Subsidiary & Personal Guarantees of certain directors of the Company
Total	56.50	275.99	300.66	141.16	345.60	

C. STATUTORY AND OTHER INFORMATION

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, 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, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

Expenses of the Issue

The expenses of the Issue payable by the Company inclusive of fees payable to the Lead Manager, Fees of Legal Advisors, Stamp Duty, Printing, Publication, Advertising and Distribution expenses, Bank charges, Fees payable to the Registrars to the Issue, Listing Fees, Brokerage and other Miscellaneous Expenses are estimated to be approximately 5.41% of the Issue and will be met out of the proceeds of the Issue.

Fees Payable to the Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company.

The Lead Managers will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Corporate Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

UNDERWRITING COMMISSION

The issue is not proposed to be underwritten. Hence, no underwriting commission is payable

BROKERAGE

Brokerage will be paid by the Company at the rate of upto 1.50 % on the issue price of Equity Shares offered to the Public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

In case of tampering or over-stamping of Brokers/Agent's codes on the application form, the company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

PREVIOUS ISSUE OF CAPITAL DURING LAST FIVE YEARS

The Company has not made any Public/Rights issue of equity/ debentures what so ever prior to this issue. The details of issue of capital has been outlined in the paragraph on the build up of the share capital under the capital structure.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUE

Except for the brokerage payable as mentioned in this Prospectus, no sums have been paid since the date of incorporation of the Company till the date of issue of the Prospectus or are payable as commission, brokerage or discount for subscribing or agreeing to subscribe or for procuring or agreeing to procure any subscription for any shares in the Company including the Promoters their associates, relatives and friends.

ISSUES OTHERWISE THAN FOR CASH

The Company has issued 33,91,706 Equity Shares by way of Bonus by capitalization of free reserves. Except for the above no further shares are issued for consideration other than cash.

OUTSTANDING REDEEMABLE PREFERENCE SHARES AND DEBENTURES

The Company has not issued any Redeemable Preference Shares, which is outstanding as on the date of this Prospectus. The Company has not issued any Debentures since its incorporation.

OPTIONS TO SUBSCRIBE

Except as otherwise stated in this Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been, or is proposed to be, given to any person to subscribe for any shares of the Company.

PURCHASE OF PROPERTY

Except as stated in "Objects of the Issue" in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, 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, other than property in respect of which:

- The contracts for the purchase or acquisition, if any, were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase, if any, is not material.

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.

CLASSES OF SHARES

The Authorized Share Capital of the Company is Rs.12,00,00,000/- divided into 1,20,00,000/- Equity Shares of Rs.10/- each.

REVALUATION OF ASSETS

The Company has not revalued any of its assets since inception.

INTEREST OF PROMOTERS AND DIRECTORS

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of:

- a) The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/Member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors/Members of to firms in which they are partners.
- b) Remuneration of Managing Director & CEO and Executive Director & COO Pursuant to the resolution passed at the meeting of the shareholders in Extra-ordinary general meeting on September 25, 2004. The detailed terms and conditions of the appointment are as under:

Under the provisions of the Companies Act, 1956 read with Schedule XIII thereto, Mr. Annand Sarnaik & Mrs. Divvyani A. Sarnaik, were appointed as Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer respectively on the following terms and conditions:

1. Period of appointment: For three years, i.e. from September 25, 2004 to September 24, 2007,
2. Details of remuneration

I. Basic Salary:

Rs.1,00,000/- per month from 25th September, 2004, in the scale of Rs.1,00,000/- to Rs.2,00,000/- per month. The Board of Directors will determine the amount of salary payable to the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, and the amount of increments payable every year depending on the performance of the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, profitability of the Company and other relevant factors.

II. Perquisites and other matters:

- (1) The Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, shall be entitled to the perquisites such as Medical Benefits, Group Hospitalisation Benefits, Leave Travel Allowance, Privileged Leave and encashment of unutilized privileged Leave upon end of the term, as per rules of the Company prescribed in this regard.
- (2) Gratuity not exceeding 50% of average basic salary drawn in the last year of service for each completed year of service. Such gratuity shall be payable according to the rules of the Company. If the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, are re-appointed, gratuity will be paid at the end of their tenure with the Company, respectively.

- (3) The following shall not be included in the computation of perquisites:
- (a) Provision for use of Company's cars for official use.
 - (b) Provision of free telephone facilities or reimbursement of telephone expenses at residence, including payment of local calls and long distance official calls. However, any personal long distance calls shall be billed by the Company on the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer.
- (4) Granting of loans according to the Company's Scheme subject to Central Government's approval, if applicable.
- (5) Continuation of Loans, if any, already availed.
- (6) Commission: Such amount to be paid by way of Commission, which is a difference between the maximum amount of remuneration permissible to the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, under the applicable provisions of the Companies Act, 1956 (at present 5% of the net profit of the Company in any financial year) and the sum of monthly salary and all other perquisites & benefits to be paid or granted to the Managing Director & Chief Executive Officer and Executive Director & Chief Operating Officer, as aforesaid.

Payment of Benefit to Promoters and Officers of the Company

Save as stated under the caption, "Related Party Transactions" on page No. 85 in this Prospectus, no amount or benefit has been paid or given to the Company's Promoters or officers since the incorporation of the Company nor is intended to be paid or given to any promoter or any officer of the Company except their normal remuneration and/or reimbursement for services as Directors, Officers or Employees of the Company or otherwise in accordance with Law.

Revaluation of Assets

The Company has not revalued any of its assets since its incorporation.

D. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF PARADYNE INFOTECH LIMITED

CAPITAL, INCREASE AND REDUCTION IN CAPITAL

Article 5

The Company in General Meeting may, from time to time, increase the capital by the creation of new shares. Such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct, and if direction be given, the directors shall determine accordingly and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the company, and with a right of voting at General Meetings of the Company in conformity with provisions of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the relevant provisions of the Act.

Article 6

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 7

The Company may (subject to the applicable provisions of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Securities / Share Premium Account in any manner for the time being authorised by law; and in particular, capital may be paid off on the basis that it may be called up again or otherwise. This Article is not to derogate the company from any power, which it would have, if it was omitted.

Article 8

Subject to the applicable provisions of the Act, the company in General Meeting may from time to time, sub-divide or consolidate its shares, or any of them and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have same preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company in General Meeting may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 9

Whenever the 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 each class may, subject to the applicable provisions of the Act, be modified,

commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a special Resolution passed at separate General Meeting of the holders of shares of that class.

SWEAT EQUITY SHARES

Article 10

Notwithstanding anything contained in Section 79 or other applicable provisions of the Act, a Company may make issue of sweat equity shares or of a class of shares/other securities already issued if the applicable provisions of the Companies Act, 1956 or any other statutory modification(s) for the time being in force in this regard be fulfilled.

SHARES AND CERTIFICATES

Article 16

In addition to and without derogating from the powers for that purpose conferred on the Board under the foregoing provisions, the Company in General Meeting may, subject to the applicable provisions of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Article 20

Every Member or allottee of shares shall be entitled without payment, to receive one or more certificates in the prescribed standard/marketable lot specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board or a Committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, or such other document issued by Company; save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or person acting on behalf of the Director under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the secretary or other authorised person shall sign the share certificate. Particulars of every share certificate issued shall be entered in the register of members against the name of the person(s) to whom it has been issued, indicating the date of issue.

Article 21

Any two or more joint allottees of the share shall, for the purpose of this Article, be treated as the single Member, and the certificate of any share, which may be the subject to joint ownership, may be delivered to any one of such joint ownership on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Two. The Company shall comply with section 113 and/or other applicable provisions of the Act.

Article 25

If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees Two as the Board may from time to time fix, and on such terms if any, as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

BUY BACK OF SHARES

Article 32

The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own shares or other securities, (i.e. buy-back) whether or not redeemable, from out of the sources as permissible under the Law. As regard to the financing for subscribing or investing in its own shares or securities by the Company, the statutory provisions for the time being applicable to the Company shall be observed.

CALLS ON SHARES

Article 35

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively, and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.

Article 36

Thirty days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons by whom such call shall be paid.

Article 39

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Article 44

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Article 45

The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called - up and upon the moneys so paid in advance, or upon so much thereof from time to time, and at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the member one month's notice in writing. Provided that moneys paid in advance calls shall not confer a right to dividend or to participate in profits.

LIEN

Article 47

The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except any contrary provisions in these Articles. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a shares shall operate as a waiver of the Company's lien, if any, on such shares.

Article 48

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have been served on such Member or his 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.

FORFEITURE OF SHARES

Article 50

If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Article 51

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and express as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

Article 52

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, at any time thereafter, but before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys paid before the forfeiture.

Article 55

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture until payment, at such as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

Article 57

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

Article 60

The Board may at any time before any share so forfeited shall have been so sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions, as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 61

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Article 62

The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

Article 63

The instrument of transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Article 64

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 Registered Office of the Company is situate to close the transfer books, the Register of Members or the Register of holders of any other security, at such time or times and for such period or periods, as may be prescribed by the Act or any statutory authority.

Article 65

Subject to the applicable statutory provisions of the Act, the Board of Directors may refuse whether in pursuance of any power of the Company under the Articles or otherwise to register the transfer of, or the transmission by operation of law or the right to any shares or interest of a member in, or any security of the Company, the Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Article 66

Provided that registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any person or persons is indebted to the Company on any account whatsoever, except the outstanding allotment/call money/ any interest on the same.

Article 67

Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of the Act.

Article 68

In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company having any title to or interest in such shares,

but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Article 69

The executors or administrators or holders of a succession certificate or the legal representative of a deceased member (not being one of two or more joint-holders) shall be the only persons registered by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from an appropriate Court; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or letters of administration or succession certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under the circumstances described elsewhere in this Article, register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member, as a member.

Article 70

No share shall in any circumstances be subscribed for by or transfer to, any insolvent or person of unsound mind.

Article 71

Subject to the provisions of these presents, any person becoming entitled to shares in consequence of death, lunacy, bankruptcy, or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or such title, as the Board thinks sufficient, either be registered himself as the holders of the shares or elect to have some person nominated by him as approved by the Board registered as such holder; provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee as instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

Article 75

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividend or money as herein provided, be entitled to receive, and may give a discharge for any dividend or money as herein provided, be entitled to receive, and may give a discharge for any dividend or other moneys payable in respect of such share.

Article 77

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company; and the Company shall not be bound 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 books of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereof, if the Board shall so think fit.

BORROWING POWERS

Article 79

Subject to the provisions of Section 58A, 292, 293 and other applicable provisions of the Act, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company.

Article 80

Subject to the provisions of these presents, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, by resolution passed at the meeting of the Board (but not by circulation) and in particular, by the issue of bonds, debentures, debenture stock or other security of the Company either unsecured or secured by a mortgage or charge over all or any part of the property of the Company (both present or future) including its uncalled capital for the time being, and debentures, debenture-stock, bonds and other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.

Article 81

Any debentures, debenture-stock, loan 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 and attending (but not voting) at General Meeting, appointment of Director and otherwise. Debenture with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

CONVERSION OF SHARES INTO STOCK AND RE-CONVERSION

Article 85

The Company in general meeting may convert any paid shares into stock and when any shares have been converted into stock, the several holders of such stock may hence forth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same regulations subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.

Article 86

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares have conferred that privilege or advantage.

MEETINGS OF THE MEMBERS

Article 87

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year. All General Meetings other than Annual General Meeting shall be called Extra-Ordinary General Meetings. An Annual General Meeting shall be held within six months after the expiry of each Financial Year. Provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at such place as is permissible by the Act and as the Board may determine. The notice calling the meeting shall specify it as the Annual General Meeting. 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 Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited statement of Accounts) and the Register of Directors' Shareholdings which register shall remain open and accessible during the continuance of the Meeting.

Article 88

The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting and it shall do so upon a requisition in writing by Member or Members holding in the aggregate not less than the prescribed proportion of the paid-up Capital as at that carries the right of voting in regard to the matter in respect of which the requisition has been made.

Article 89

Any valid requisition so made by Member or Members must state the object or objects of the Meeting proposed to deposit at the office PROVIDED that such requisition may consist of several documents in like form, each signed by one or more requisitioners.

Article 90

Upon receipt of any such requisition, the Board shall forthwith call an Extra-Ordinary General Meeting, and if they do not proceed within 21 days from the date of the requisition being deposited at the Office, to cause meeting to be so called on a day not latter than forty-five days from the date of deposit of the requisition the requisitions, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid.

Article 91

Any Meeting called under the foregoing Articles by the requisitions shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

Article 92

Twenty-one days' notice at the least of every General Meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other Meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of special business relates to, or affects any other Company, of every Director, and the Manager, if any, of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid-up share capital of that other Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Article 93

The accidental omission to give any such notice as aforesaid to any of the Members or other person to whom it should be given, or the no-receipt thereof, shall not invalidate any resolution passed at any such meeting.

Article 94

No General Meeting, Annual or Extra-Ordinary, shall be competent to enter upon, discuss or transact any business, which has not been mentioned in the notices upon which it was convened.

Article 95

Five Members present in person shall be quorum for a General Meeting.

POLL

Article 101

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of 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 to the extent prescribed.

Article 103

1) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

VOTES OF MEMBERS

Article 108

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meetings of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

Article 109

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the Capital of the Company, every Member, who is not otherwise disqualified, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, a preference Shareholder of the Company, save as provided in clause (b) of sub-section (2) of Section 87 or other applicable provisions of the Act, shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

DIRECTORS

Article 123

Until otherwise determined by the General Meeting and subject to Section 252 of the Act, the number of Directors (excluding Alternate Directors) shall not be less than three nor more than twelve.

The first Directors of the Company are:

Mrs. Divvyani A. Sarnaik

Mr. Shantanu N. Rooj

Article 124

Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement by rotation.

Article 129

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 up the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:

- a) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
- b) the retiring Director has by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be re-appointed;
- c) he is not qualified or is disqualified for appointment;
- d) a Resolution, whether Special or Ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act;
- e) the provision to sub-section (2) of Section 263 of the Act is applicable to the case.

Article 146

Subject to Section 283(2) and 314 of the Act, the office of a Director shall become vacant if :-

- a) he is found to be of unsound mind by a court of competent jurisdiction; or
- b) he applies to be adjudicated an insolvent; or
- c) he is adjudged an insolvent; or
- d) he fails to pay any call made on him in respect of shares of the Company held by him. Whether alone or jointly with others, within six months from the date fixed for payment of such call unless the Central Government has, by notification in the official Gazette removed the disqualification incurred by such failure; or
- e) he absents himself for three consecutive meeting of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- g) he is removed in pursuance of Section 284 of the Act; or
- h) 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; or
- i) he acts in contravention of Section 299 of the Act; or
- j) he is convicted by a Court for any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- k) 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; or
- l) he resigns his office by a notice in writing addressed to the Company; or
- m) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate office.
- n) If under any other ground that may be provided under the Act from time to time.

MANAGING DIRECTOR (S) AND WHOLE-TIME DIRECTOR (S)

Article 167

Subject to the applicable provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its numbers as Managing Director or Managing Directors 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 subject to the provisions of these presents, the Board may by a resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director or Managing Directors may be by way of monthly payment, participation in profits or by any other mode not expressly prohibited by the Act. Subject to the provisions of the Act, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for any purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Article 169

The Managing Director or Managing Directors or Whole-time Director or Whole-time Directors shall not exercise the powers to:

- a) make calls on shareholders in respect of money unpaid on the shares in the Company.
- b) issue debentures; and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act.
- c) borrow moneys, otherwise than on debentures;
- d) invest the funds of the Company; and
- e) make loans.

Article 172

The Board shall meet together at least once in every three months for the despatch of business and may adjourn and otherwise regulate its meeting and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Article 175

The Secretary shall, as and when directed by any one of the Directors to do so, convene a meeting the Board by giving a notice in writing to every Director.

Article 176

The Director shall appoint one of their number to be the Chairman of the Company and of its Board of Directors for such period as they shall think fit. Notwithstanding anything to the contrary contained in the Articles, the Chairman shall preside over the Annual General Meeting and all other General Meeting of the Company and also all meetings of the Board. The Chairman shall exercise such powers and perform such duties as may from time to time be delegated or assigned to him by the Board subject nevertheless to the provisions of the Act. Subject to the provisions of the Act, the Chairman shall be entitled to such remuneration, as the Board may from time to time determine.

Article 180

Subject to the restrictions contained in the Act, the Board may delegate any of their powers to committees of the Board consisting of such Member or Members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to person or purposes, but every such 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 Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Article 182

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or Members of the Committee at their usual address in India, and has been approved

by such of the Directors or members of the committee as are then in India, or by majority of such of them, as are entitled to vote on the resolution.

Article 183

All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they, or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF DIRECTORS

Article 188

Without prejudice to the general powers conferred by the preceding Articles and so as not in any way limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :-

- a) To pay costs, charges and expenses preliminary and incidental to the promotion, formation, establishment, registration and regulation of the Company and to the issue of further capital.
- b) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of the Act.
- c) Subject to provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, 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 other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- d) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, loan, stocks, mortgages, 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, loan stocks, mortgages 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.
- e) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
- h) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demand by or against the Company and to refer any differences to arbitration, and observe and perform any awards thereon.
- i) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.
- j) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- k) Subject to the provisions of the Act and the Memorandum of the Company, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- l) To execute in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

- m) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expense of the Company.
- o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other funds, associations, institutions or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.
- p) Subject to the provisions of the Act and powers given in the memorandum of Association of the Company, before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture stock, loan stock, or for special dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such purposes (including the purposes referred to in preceding clause), as the Board may in their absolute, discretion, think conducive to the interest of the Company, and to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (including the shares or other securities of the Company to the extent and in the manner permissible by the applicable statutory provisions) as they may think fit, and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constitution all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of any of the securities of the Company and without being bound to keep the same separate from the other assets, and without being bound to pay interest or any return or compensation on the same, with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- q) To appoint, and at their discretion remove or suspend such general managers. secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary, or special services as they may time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration and to require security in such instances and to such amount as they may think fit, also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Board, and to fix their remuneration.
- s) Subject to the provisions of the Act, from time to time and at any time, to delegate to any such local Board, or any member or members thereof or any managers or agents so appointed any of the powers, authorities and discretion for the time being vested in the Board, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation under preceding and this sub-clause may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.
- t) Subject to the provisions of the Act, at any time and from time to time by power of Attorney under the seal of the Company, to appoint any person or persons to be the attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members of any local Board, established as aforesaid or in favour of any Company, or the shareholders, Directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of Attorney may contain such powers

for the protection or convenience of persons dealing with such Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

- u) Subject to the provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts, and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- v) From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.
- w) 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 buildings, plant, machinery, vessels, vehicles, goods, stores, produce and all other moveable and immovable properties of the Company, either separately or co-jointly, and to assign, surrender or discontinue any policies of insurance effected in pursuance of this power.
- x) To open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw from or otherwise operate any such account from time to time as they may think fit.
- y) To attach to any shares to be issued as the consideration or part consideration for any contract with or property acquired by the Company or in payment for services rendered to the Company, such conditions as to the transfer as they think fit.
- z) Generally, from time to time and at any time, to delegate (with or without powers of sub-delegations) all or any of the powers, authorities, discretion for the time being vested in the Directors to any employee of the Company or to any other person, firm or body corporate or otherwise to any fluctuating body of persons.

THE SECRETARY

Article 190

The Directors may from time to time appoint, and at their discretion remove, any individual (hereinafter called " the secretary") to perform any functions which by the Act are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some other person (who need not be the Secretary to keep the registers required to be kept by the Company.

SEAL

Article 191

The Board shall provide a Common Seal for the purposes 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 Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

DIVIDEND

Article 194

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles, and subject to the provisions of the Act and of these Articles, 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.

Article 195

The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Article 197

Subject to the provisions of the Act, the Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.

Article 198

Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

Article 199

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Article 201

Any one of several persons who are registered as the joint holders of any share may give effectual receipt for all dividends or bonus and payments on account of dividends or bonus or other moneys in respect of such shares.

Article 204

Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall:

- a) transfer the dividend in relation to such shares to the Special Account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer and
- b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205 of the Act.

Article 205

Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of the cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register of members in respect of joint-holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.

Article 206

Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.

Article 209

Any General Meeting declaring a dividend may, on the recommendation of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and 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 member, to set off against the calls.

CAPITALISATION

Article 210

The Company in general meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) or other reserves or funds permissible for this purpose be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the Resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to Members of the Company as fully paid bonus shares.

Article 211

A General Meeting may resolve that any surplus moneys arising from the realising of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

Article 212

For the purpose of giving effect to any relevant resolution under the above Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any Member upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board. Where required, a proper contract shall be delivered to the Registrar

for registration in accordance with the provisions of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

ACCOUNTS

Article 213

The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of accounts in accordance with Section 209 and other provisions of the Act with respect to :-

- a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- b) all sales and purchases of goods by the Company;
- c) the assets and liabilities of the Company.
- d) Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- e) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account.
- f) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transaction effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its Office or other place in India, at which the Company's books of account are kept as aforesaid.
- g) The books of account shall be maintained as per the accounting standards as may be prescribed by the law from time to time and shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

AUDIT

Article 217

Auditors shall be appointed and their rights, duties and liabilities regulated in accordance with the provisions of the Act.

Article 218

Subject to provisions of the next following Article, every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company at an Annual General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the Balance Sheet and Profit and Loss Account shall forthwith be corrected, and henceforth shall be conclusive.

WINDING UP

Article 229

The liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidator, with like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Article 230

Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under section 633 or other applicable provisions of the Act in which relief is granted to him by the Court or other Appropriate Authority.

INSPECTION OF REGISTERS

Article 231

Where under any provisions of the Act any person, whether a Member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors may determine.

E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are / or may be deemed to be material have been entered into by or on behalf of the Company.

Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this Prospectus and which have been delivered to the ROC for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the date of closing of subscription list.

A. MATERIAL CONTRACTS

1. Memorandum of Understanding (MOU) dated December 28, 2004 between the Company and Karvy Investor Services Limited for this Public Issue.
2. Memorandum of Understanding (MoU) between the Company and the Registrar to the Issue, Bigshare Services Private Limited on January 3, 2005.
3. Copies of quotations obtained for plant and machinery
4. Copy of tri-partite agreement dated 27th May, 2005 entered into between CDSL, the Company and the Registrar of the issue M/s Bigshare Services Pvt Ltd.
5. Copy of tri-partite agreement dated 8th April, 2005 entered into between NSDL, the Company and the Registrar of the issue M/s Bigshare Services Pvt Ltd.

B. DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of Incorporation dated December 15, 1997 and fresh Certificate dated 28th September 2004 obtained on conversion from Private Limited Company to Public Limited Company. .
3. Copy of special resolution passed u/s 81 (1A) on December 15, 2004 authorizing the Issue of Equity Shares
4. Copies of initial listing applications made to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited respectively.
5. Letter from Bombay Stock Exchange Limited dated 4th May, 2005 granting permission to include their names in the Prospectus.
6. Letters from The National Stock Exchange of India Limited, Mumbai dated 18th May, 2005 and September 13, 2005 granting permission to include their names in the Prospectus.
7. Auditors Reports on financials dated June 24, 2005, 2nd September 2005, 9th September 2005 and 11th September 2005
8. Auditors Report on tax benefits dated June 24, 2005
9. Consent letters from directors, Lead Managers, Bankers to the issue, Bankers to the Company, Auditors, Legal Advisors, Registrar to the issue, Company Secretary & Compliance Officer, Manager (Accounts & Finance) to act in their respective capacities and for inclusion of their names in the Prospectus
10. Copies of members' Resolution passed on 15th November 2004 for appointment of Managing Director & CEO and Executive Director & COO alongwith the service agreements dated 24th December, 2004 entered into with them .
11. Power of Attorney(s) executed by the Directors and Manager (Accounts & Finance) for signing and making correction in the prospectus on their behalf
12. Copies of Annual Reports for the last 5 accounting period i.e. FYs 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005 along with the subsidiaries for the relevant years.
13. Due diligence certificate dated January 22, 2005 issued by Lead Manager to the Issue, Karvy Investor Services Limited.
14. Legal Clearance Certificate dated 21st January 2005 given by the Legal Advisor.
15. Auditors certificate dated September 2, 2005 regarding sources and deployment of funds.
16. SEBI observation letter No. CFD/DIL/ISSUES/V/48136/2005 dated August 29, 2005
17. Relevant extracts from the NASSCOM Report on industry information.
18. Board Resolution dated 16th September, 2005 approving the final Prospectus.
19. Copy of Special Resolution passed by the members of the Company under section 293 (1) (a) and 293(1) (d) of the Companies Act, 1956.
20. Copy of resolution for increasing the authorized capital, dated 15th December, 2004 along with copy of the relevant form no.5 filed with Registrar Of Companies.

PART - III**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 statements made in this Prospectus shall contravene any of the provisions of the Companies Act, 1956 and the Rules made there under. All the legal requirements connected with the said Issue as also the guidelines, instruction etc issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

UNDERTAKING

We, the Directors of Paradyne Infotech Limited declare and confirm that no information/material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of this Prospectus has been suppressed/withheld and/or incorporated in a manner that would amount to mis-statement/ mis-representation 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 mis-statement / mis-representation, we undertake to refund the entire application monies 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 12 months.

The Company accept no responsibility for the statements made otherwise than in this Prospectus or in the advertisement or any other materials issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his / her own risk. The Directors and Manager (Accounts & Finance) of the Company certify that all the disclosures made in this Prospectus are true and correct.

SIGNED BY**Mr. Annand Sarnaik*****Mr. Neeraj Vashisht*****Mrs. Divvyani A. Sarnaik*****Mr. Krishnamurthy Yemmanur*****Mr. Shantanu Rooj*****Mr. Dhiren B. Kothary*****Mr. Subhash Chowdhari***
(Manager Accounts & Finance)

* By their duly Constituted Attorney Mr. Amit Jaste

Place : Mumbai
Date : September 16, 2005