

**PROSPECTUS**

Dated December 22, 2005

100% Book Building Issue

TULIP

TULIP IT SERVICES LIMITED

Originally Incorporated as Tulip Software Private Ltd on 19th May 1992 in New Delhi, India under the Companies Act, 1956 vide Registration No. 55 - 48817. The name of the Company was changed to Tulip Software Ltd, i.e. the word "Private" deleted U/s 43A of the Companies Act, 1956 and the company has become a deemed Public Company w.e.f. 1st July 1997. The name of the Company was changed to Tulip IT Services Ltd. vide fresh Certificate of Incorporation dated 10th January, 2002.

REGISTERED OFFICE: C- 160, Okhla Industrial Area, Phase - I, New Delhi - 110 020

(The company has shifted its registered office from J-31 New Delhi, South Extension Part 1, New Delhi- 110049 to the present address w.e.f. July 18th, 2003)

Tel. No: +91 011- 51678001, Fax No: +91 011 51678002, E-mail: ipo@tulipit.com; website: www.tulipit.com

Contact person: Mr. Dinesh Kaushal, Chief Finance Officer cum Company Secretary

PUBLIC ISSUE OF 90,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 120/- PER EQUITY SHARE AGGREGATING RS.10800 LACS BY TULIP IT SERVICES LIMITED ("THE COMPANY" OR "ISSUER") (HEREINAFTER REFERRED TO AS THE "ISSUE") COMPRISING 9,00,000 EQUITY SHARES OF RS.10/- RESERVED FOR ELIGIBLE EMPLOYEES OF THE COMPANY AND A NET OFFER TO PUBLIC OF 81,00,000 EQUITY SHARES OF RS.10/- EACH. THE ISSUE WOULD CONSTITUTE 31.03% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY. THE NET OFFER TO THE PUBLIC WOULD CONSTITUTE 27.93% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

ISSUE PRICE : Rs.120 PER EQUITY SHARE OF FACE VALUE OF RS.10/-

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH. THE OFFER PRICE IS 12 TIMES THE FACE VALUE

The issue is being made through the 100% book building process wherein upto 50% of the Issue shall be allocated to Qualified Institutional Buyers ("QIBs") on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids received from them at or above the issue price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the issue price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of Tulip IT Services Ltd, there has been no formal market for the Shares of the Company. The face value of the shares is Rs.10/- per share and the Issue Price is 12 times of the face value. The Issue Price/price band (determined by the Company in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building 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 nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The 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 Prospectus.

Specific attention of the investors shall be invited to the summarized and detailed statement of risk factors appearing on Page No. (ix) herewith of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the 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 The National Stock Exchange of India Limited (NSE) and The Bombay Stock Exchange Ltd.(BSE) being the Designated Stock Exchange. The in-principle approvals of the Stock Exchanges for listing Equity Shares have been received pursuant to letter no. NSE/LIST/17820-5 dated October 24, 2005 and DCS/Smd/sm/2005 dated October 7, 2005, respectively.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE

 <p>Karvy Investor Services Limited "Karvy House" 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh, India Tel.No.: 91 040-23374714/23320751 Fax No. : 91 040 23374714 E-mail : mbd@karvy.com website:www.karvy.com</p>	 <p>Yes Bank Limited EXPERIENCE OUR EXPERTISE Nehru Centre, 9th Floor, Discovery of India, Dr. A B Road, Worli, Mumbai - 400 018, Maharashtra, India Tel.: +91 022 5669 9000, Fax : +91 022 2490 0314 Email: Tulip@yesbank.in website: www.yesbank.co.in</p>	 <p>Karvy Computershare Private Limited "Karvy House" 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 Andhra Pradesh, India Tel.No.+91 40-23320251/23312454 Fax No. : +91 40 23431551 E-mail : mailmanager@karvy.com Website: www.karvy.com</p>
---	--	---

ISSUE PROGRAMME

DATE OF OPENING OF THE ISSUE : 9th DECEMBER, 2005

DATE OF CLOSING OF THE ISSUE : 15th DECEMBER, 2005



TABLE OF CONTENTS

SECTION I DEFINITIONS AND ABBREVIATIONS	PAGE NOS.
1. ABBREVIATIONS	i
2. ISSUE RELATED TERMS	i
3. COMPANY RELATED TERMS / CONVENTIONAL/GENERAL TERMS	iv
SECTION II RISK FACTORS	
1. FORWARD-LOOKING STATEMENTS & MARKET	viii
2. RISK FACTORS	ix
SECTION III INTRODUCTION	
1. SUMMARY	1
2. GENERAL INFORMATION	7
3. CAPITAL STRUCTURE	12
4. OBJECTS OF THE ISSUE	20
5. APPRAISAL	22
6. SCHEDULE OF IMPLEMENTATION	32
7. PROPOSED DEPLOYMENT OF FUNDS	33
8. INTERIM USE OF FUNDS	33
9. TERMS OF THE PRESENT ISSUE	33
10. BASIS FOR ISSUE PRICE	33
11. TAX BENEFITS	36
SECTION IV ABOUT TULIP IT SERVICES LTD.	
1. INDUSTRY OVERVIEW	48
2. BUSINESS OVERVIEW	57
3. HISTORY AND CORPORATE STRUCTURE	79
4. OUR MANAGEMENT	83
5. PROMOTERS	94
6. DIVIDEND POLICY	95
SECTION V FINANCIAL STATEMENTS	
1. FINANCIAL INFORMATION	96
2. FINANCIAL INFORMATION OF GROUP COMPANIES	141
3. CHANGES IN THE ACCOUNTING POLICIES	144
4. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION .	144
SECTION VI LEGAL AND OTHER INFORMATION	
1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	150
2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS	153
SECTION VII OTHER REGULATORY AND STATUTORY DISCLOSURES	156
SECTION VIII ISSUE INFORMATION	
1. TERMS OF THE ISSUE	163
2. ISSUE PROCEDURE	167
SECTION IX DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION	191
SECTION X OTHER INFORMATION	
1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	199
2. DECLARATION	201

SECTION I DEFINITIONS AND ABBREVIATIONS

1. ABBREVIATIONS

Term	Description
The “Company” or “our Company” or “Tulip” or “Tulip IT Services Limited” or “we” or “our” or “us”	Unless the context otherwise requires refers to Tulip IT Services Limited, a company incorporated under the Companies Act

2. ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued
Banker(s) to the Issue	ICICI Bank Ltd., UTI Bank Ltd., Standard Chartered Bank, Citi Bank N.A., Yes Bank Ltd., & The Hongkong & Shanghai Banking Corporation Ltd.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form.
Bid Closing Date /Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and a Hindi national newspaper.
Bid Opening Date/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding Period / Issue Period	The period between the Bid Opening Date/Issue Opening Date and the Bid Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Karvy Investor Services Limited and Yes Bank Limited.
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.

Term	Description
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Issue Account after the Prospectus is filed with the RoC, following which the Board shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	The Bombay Stock Exchange Limited, Mumbai
Red Herring Prospectus	The Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
Eligible Employee	Means a permanent employee or the Director of the Company (or its subsidiaries), who is an Indian National based in India and is physically present in India on the date of submission of the Bid cum Application form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with RoC upto the bid/issue closing date. Promoter Directors are not eligible to be treated as eligible employees.
Employee Reservation Portion	That portion of the issue being a maximum of 9,00,000 Equity Shares available for allocation to eligible employees.
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount.
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
IPO	Initial Public Offering.
Issue Size	Public issue of 90,00,000 Equity Shares at the Issue Price pursuant to the Prospectus.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 0% to 100% of the Bid Amount.
Net Offer to the Public	81,00,000 Equity Shares of Rs.10/- each being the issue size less employee reservation portion.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non-Institutional Portion	The portion of the Issue being 12,15,000 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders.

Term	Description
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending up to the date specified in the CAN.
Price Band	The price band with a minimum price (Floor Price) of Rs. 100 and the maximum price (Cap Price) of Rs. 120, including any revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Promoter Group Companies	Unless the context otherwise requires, refers to those companies mentioned in the section titled "Promoter Group" on page 141 of this Prospectus.
Promoters	Lt. Col. (Retd.) H S Bedi and Mrs. Maninder Bedi
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
QIB Portion	The portion of the Issue to public and up to 40,50,000 Equity Shares of Rs.10 each at the Issue Price, available for allocation to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million pension funds with a minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue to the public and being a minimum of 28,35,000 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the issue. It will become a prospectus after filing with the RoC after the pricing and allocation.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Stock Exchanges	BSE and NSE.
Syndicate	The BRLMs and the Syndicate Member.

Term	Description
Syndicate Agreement	The agreement to be entered into between the Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Karvy Stock Broking Limited.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Member.
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.

3. COMPANY AND INDUSTRY TERMS

Term	Description
AH	Authentication Header
ATMVCC	Asynchronous Transfer Mode Virtual Channel Connection
Auditors	The statutory auditors of our Company, R Chadha & Associates
Board of Directors/Board	The Board of Directors of our Company or a committee constituted thereof.
BPO	Business Process Outsourcing
BTS	Base Transceiver Station
BWA	Broadband Wireless Access
CDMA	Code Division Multiple Access
CE	Consumer Electronics
	Customer Edge
CC TV	Close Circuit Television
CPE	Customer Premises Equipment
CUG Network	Close User Group Network
Director(s)	Director(s) of Tulip IT Services Limited, unless otherwise specified.
DLCI	Data Link Connection Identifier
DOS	Denial Of Service
DDOS	Distributed Denial of Service
DOT	Department of Telecommunications, Ministry of Communications and IT
DSN	Data Source Name
ERP	Enterprises Resource Planning
ESP	Encapsulating Security Payload
FDD	Full Division Duplex
FH-CDMA	Frequency Hopping Code Division Multiple Access
GBPS	Giga Bytes Per Second
GSM	Global System of Mobile Communication
IEEE	Institute of Electronics and Electrical Engineers
ILD	International Long Distance
IP	Internet Protocol
IPSEC	Internet Protocol Security
ISP	Internet Service Provider

Term	Description
IT	Information Technology
IETF	Internet Engineering Task Force
ITES	Information Technology Enabled Service
IT Industry	Information Technology Industry
KBPS	Kilo Bytes Per Second
LAN	Local Area Network
LOS	Line of Sight
MIS	Management Information System
MMDS	Multi Channel Multipoint Distribution Service
MPLS	Multi Protocol Label Switching
NLD	National Long Distance
NLOS	Non Line of Sight
NOC	Network Operating Centre
P2P	Point to Point Radio
PDH	Plessiochronous Digital Hierarchy
PE	Provider Edge
POP	Point of Presence
P&M	Plant and Machinery.
PMP	Point to Multi Point Radios
PPMA	Preemptive Polling Multiple Access
R&D	Research and Development
Registered Office	The registered office of our Company being C-160, Okhla Industrial Area, Phase - I, New Delhi - 110 020
RFC	Request for Comment
SACFA	Standing Advisory Committee on Radio Frequency Allocation
SCADA	Supervisory Control Data Acquisition
SDH/SONET	Synchronous Digital Hierarchy/ Synchronous Optical Network
SLA	Service Level Agreement
STM	Synchronous Transfer Mode
SWAN	State Wide Area Network
TDD	Time Division Duplex
TRAI	Telecom Regulatory Authority of India
TDMA	Time Division Multiple Access
TDSAT	Telecom Dispute Settlement and Appellate Tribunal
VLAN	Virtual Local Area Network
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
WAN	Wide Area Network
WCDMA	Wideband Code Division Multiple Access
WiPLL	Wireless IP In Local Loop
WLL	Wireless Local Loop
WPC	Wireless Planning and Coordination Wing
WiMAX	Worldwide interoperability of Microwave access
Wi-Fi	Wireless Fidelity
WLAN	Wireless Local Area Network

4. CONVENTIONAL/GENERAL TERMS

Term	Description
AGM	Annual General Meeting
Articles/ Articles of Association	The Articles of Association of Tulip IT Services Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited, Mumbai.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting.
EPS	Earnings per share.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there-under.
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FIPB	Foreign Investment Promotion Board.
Government/ GOI	The Government of India
HUF	Hindu Undivided Family.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
LII	Local Informatics Infrastructure
Memorandum/Memorandum of Association	The Memorandum of Association of Tulip IT Services Limited.
MNC	Multi National Company
NAV	Net Asset Value.
NI Act	Negotiable Instruments Act
NII	National Informatics Infrastructure
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRE Account	Non Resident External Account
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Term	Description
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
RBI	The Reserve Bank of India.
Reserve Bank of India Act/RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC	The Registrar of Companies, NCT of Delhi and Haryana at New Delhi, C.G.O. Complex, Paryavaran Bhawan, 2nd Floor, NCT, New Delhi - 110 003.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.

SECTION II - RISK FACTORS**1. FORWARD-LOOKING STATEMENTS, CERTAIN CONVENTIONS & MARKET DATA**

Statements included in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations in respect of, but not limited to,

- Our ability to successfully implement our strategy, our growth and expansion plans,
- Any disruptive change in technology
- General economic and political conditions in India which have an impact on our business activities
- Any variation in corporate expenditure on IT infrastructure
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.
- Changes in the laws and regulations that apply to the IT and Telecom industries, including tax laws,
- Potential mergers, acquisitions or restructurings or changes in competition in our industry.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page no. [ix] of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The Company, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and included in this Prospectus. Our current fiscal year commenced on April 1, 2005 and ends on March 31, 2006. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. The Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on our financial data.

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

2. 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.

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

A. INTERNAL TO THE COMPANY

1. Our inter-city network is leased from other service providers and is dependent on their quality and availability

We have provided inter-city connectivity for our Wireless based IP/VPN business through lease arrangements rather than through capital investment in connectivity assets. Our Company's ability to offer high quality telecommunications services depends, to a large extent, on the quality of the networks maintained by other operators, and their continued availability, neither of which is under our control. However, the abundance of supply of inter-city connectivity provides us with the ability of switching to companies offering better services. We have switched at some places from RailTel Corporation of India Limited to Gas Authority of India Limited and PowerGrid Corporation of India Limited due to greater reliability. Although we always use more than one service provider where required, there can be no assurance that this dependence on external parties would not affect our network availability. In the event of any adverse movement of lease rentals, we may have to incur additional capital expenditure to maintain our network.

2. We have not placed orders or entered into any definitive agreements for planned investments to utilize the net proceeds of the Issue.

We have not placed the orders for the plant & machinery worth Rs. 5703.08 lacs constituting 79.38% of the total cost of plant & machinery required for the project, which we currently propose to fund from the net proceeds of this Issue. Any increase in prices of the required equipment may adversely affect estimates of the project cost. Some of the equipment that we intend to deploy is expected to be imported and must be paid for in foreign currency. Import of some equipment is subject to Government regulations and approvals. Further, we are yet to make an application to the concerned authorities for construction of our Mumbai office. Any delay in obtaining required approvals could lead to a delay, which may adversely impact our operations.

3. Our Wireless based IP/VPN business is subject to extensive regulation by the Government, which could have an adverse effect on our business

Our wireless based IP/VPN business, which operates in the Indian telecommunications industry, is subject to significant Government regulation. The license to provide VPN connectivity services reserves broad discretion to the Government to influence the conduct of the business by giving it the right to modify at any time, the terms and conditions of the license and take over the facilities or terminate or suspend the license in the interests of national security or in the event of a national emergency, war or similar situations. Under the license, the Government may also impose certain penalties including suspension, revocation, termination or suspension of the license, in the event of certain defaults by the Company.

The Government has constituted the TRAI and the TDSAT as autonomous bodies to regulate and adjudicate matters in the Indian telecommunications industry respectively, including issues related to tariffs and interconnection. The DOT currently regulates all matters relating to licensing ownership and operations of Indian telecommunication networks, including the transfer and assignment of licenses and ownership interests in licensed operators, the grant, maintenance and renewal of licenses and frequency spectrum allocations.

We need to seek approvals from various regulatory bodies for conducting our business. Our business might suffer in case there are adverse changes in the regulatory environment. These could include new regulations that we are unable to comply with or new regulations where our competitors get an advantage. Changes in the regulatory structure may thus adversely affect our business. Various security agencies are also involved in monitoring our operations, as such any national security considerations may affect business operations.

4. Changes in technology may render our current technologies obsolete or require us to make substantial new investments.

The telecommunications industry is subject to rapid and significant changes in technology. Although our network is new and based on latest technology, the technology currently employed in our network may become obsolete or exposed to new technologies. The cost of implementing new technology could be significant and could adversely affect our business and financial condition. In addition, our ability to respond to technological changes may depend upon our ability to obtain additional financing, which we may not be able to obtain or may obtain on terms which may not be suitable to us.

5. Technical failures and natural disasters can damage our existing set up.

Our telecommunications infrastructure is vulnerable to technological failures and to natural disasters such as earthquakes and floods. We maintain insurance for our assets, which covers them against burglary, special contingency, or all risk, depending upon the nature of the assets.

6. The expansion and development of our networks may be impacted by the limited availability of frequency spectrum.

The future growth of our wireless based IP/VPN business is dependent on our ability to expand our network capacity. A wireless network's capacity is limited by the amount of the frequency spectrum available for its use.

Although we believe that our current spectrum allocation is sufficient for anticipated customer growth in the near term, we may need additional spectrum to accommodate future customer growth in the medium and long term. While current regulations provide for the provision of additional need based spectrum on payment of additional fees, there can be no assurance that the WPC will grant us additional spectrum or in a timely or cost-effective manner. Our network expansion plans may be materially affected if we are unable to obtain additional spectrum, which will adversely affect our results of operations. While we are implementing techniques to optimize utilization of available spectrum such as frequency reuse plans and frequency hopping plans, there can be no assurance that we will be successful in increasing our network capacity to meet our future requirements if we are unable to obtain additional spectrum.

7. Security breaches could damage our reputation or result in liability to us.

Our facilities and infrastructure must remain secure, and be perceived by our corporate customers to be secure, because confidential information is transmitted through our network. Despite the implementation of security measures, our infrastructure may be vulnerable to physical break-ins, computer hacking, computer viruses, programming errors or similar disruptive problems. If a person circumvents our security measures, he or she could jeopardize the security of confidential information stored on our systems, misappropriate proprietary information or cause interruptions in our operations. We may be required to make significant additional investments and efforts to protect against or remedy security breaches. A material security breach could damage our reputation or result in liability to us, and we do not carry insurance that protects us from this kind of loss.

The network security services that we offer in connection with our business cannot assure complete protection to customer's networks from computer viruses, break-ins and other disruptive problems. Although we attempt to contractually limit our liability in such instances, the occurrence of these problems could result in claims against us or liability on our part. These claims, regardless of their ultimate outcome, could result in litigation and could damage our reputation and hinder our ability to attract and retain customers for our service offerings.

8. We face a competitive labor market for skilled personnel and therefore our performance is highly dependent on our existing key personnel and our ability to hire additional skilled employees.

Our success depends upon the continued services of several of our key personnel. Substantially all of our employees are located in India. Any of our employees can voluntarily terminate his or her employment with us. In the event we lose any of our key personnel, it would be difficult to find a suitable replacement in a timely manner and may impair the implementation of our business strategy. We do not carry key person life insurance for any of our personnel.

Our success also depends on our ability to attract and retain additional highly qualified technical, marketing and sales personnel. The labour market for skilled employees with experience in wireless networking in India is extremely competitive, and the process of hiring employees with the necessary skills is time consuming and requires diversion of significant resources. While we have not experienced difficulty in employee retention or integration to date, we may not be able to continue to retain or integrate existing personnel or identify and hire additional personnel in the future. The loss of the services of key personnel, especially the unexpected death or disability of such personnel, or the inability to attract additional qualified personnel, could disrupt the implementation of our business strategy, upon which the success of our business depends.

9. The valuations in the IT/Telecom industries are presently high, which may not be sustained in the future and may also not be reflective of future valuations in the industry. There is no standard valuation methodology or accounting practices in the emerging internet/media and related industries. Our financials are not strictly comparable with the players in these Industries.
10. Our 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.
11. **Extracts of qualifications in the financial statements of the Company.**

For the financial year 2003-04

Income tax due of Rs.11,40,897/- pertaining to the financial year 1996-97.

For the financial year 2004-05 un-disputed sales tax dues of Rs. 2,94,100 are outstanding for a period exceeding six months.

The dues pertaining to Income Tax was deposited on 30th March, 2005 and the Sales Tax were paid on 30th June, 2005 and 2nd July, 2005.

12. **Outstanding litigation**

We and our promoters are defendants in legal proceedings incidental to business and operations. For further information regarding litigation, please refer to the section on "Legal and other Information" on page no. 150.

13. **Contingent liabilities not provided for (as on September 30, 2005):**

Outstanding bank guarantee - Rs.1,246.54 lacs

Claims against the Company not acknowledged as debt - Rs.17.31 lacs

The Company has filed civil and criminal suit for the recovery of its debts against some debtors. No provision for the same has been made. However, the same has been disclosed as doubtful debts.

14. **Limitations imposed by restrictive covenants in financing agreements and the encumbrances on our assets to secure credit facilities granted by the lenders.**

The agreements entered by us to avail financing from Banks stipulate a number of restrictive covenants, which might affect the conduct of the business in terms of limiting our flexibility in carrying our expansion plan in the interest of the stakeholders.

All our movable and immovable assets have been hypothecated/ mortgaged to secure credit facilities from lenders. Further, a small portion of the shares held by the Promoters has been pledged in favor of the lenders. If we default on repayment of debt, lenders could enforce their security interests on our assets, limiting our ability to carry out operations, including implementation of the wireless based IP/VPN business expansion and could have a material adverse effect on us. In addition, default under our credit facilities could limit our ability to raise additional funds in the future.

15. **Failure to receive regulatory / government approvals**

In the ordinary course of business, we are required to obtain various regulatory approvals, which are mostly recurring in nature viz., SACFA/ WPC approval for frequency allocation, TRAI approval for tariffs etc. Although, our Company has obtained all such approvals in the past and would continue to apply for

these approvals pursuant to roll out schedule, such approvals may not be available in time or on favorable terms and conditions, which may result in time delays and cost overrun and which could have an adverse effect on our business and operations.

16. Dependence on license and failure to comply with its terms

Failure to meet the Roll-Out Obligations and other general obligations can potentially lead to imposition of penalties, and/ or invocation of the performance bank guarantee provided and/ or termination of the license, which might cause us financial and business loss and have material adverse effect on our business and operations.

17. Reliance on corporate IP VPN connectivity for future growth

We will largely depend on our corporate IP/VPN wireless connectivity services for the future growth of our Company. We do not have any exposure in the retail segment for providing internet based services. As such, this makes us vulnerable to any downturn in corporate IT expenditure.

18. Our business may suffer if we fail to meet the service requirements in the SLA's signed with customers

19. The failure to keep our technical knowledge confidential could erode our competitive advantage.

Like many of our competitors, we possess extensive technical knowledge about our products. Our knowhow is a significant independent asset, which may not be protected by intellectual property rights such as patents, but is protected only by keeping it secret. As a result, we cannot be certain that our know-how will remain confidential in the long run. Employment contracts with certain of our employees who have special technical knowledge about our products or our business contain a general obligation to keep all such knowledge confidential and such obligation extends for a period of two years after the termination of employment. In addition to the confidentiality provisions, these employment agreements typically contain non-competition clauses. If either the confidentiality provisions or the non-competition clauses are unenforceable, we may not be able to maintain the confidentiality of our know-how. Even if every possible precaution, whether contractual or otherwise, is taken to protect confidential technical knowledge about our products or our business, there is still a danger that such information may be disclosed to others or become public knowledge in circumstances beyond our control. In the event that confidential technical information or know-how about our products or our business becomes available to third parties or to the public, our competitive advantage over other companies in the wireless based IP/VPN industry could be harmed, which could have a material adverse effect on our current business, future prospects, financial condition and results of operations.

20. Critical risk factors as per the Bank of India appraisal report

Weaknesses

- ✓ We have to compete with companies having worldwide set-up and global recognition

Threats

- ✓ To compete against major players i.e. Wipro, HCL, Satyam as also the Basic Service operators;
- ✓ Rapidly changing government policies invariably affect the telecom sector;
- ✓ In view of change in technology other simpler solutions may also be introduced in the market

21. In the past 12 months, the company has issued equity shares, which is at a price less than the lower end of the price band for the equity shares being offered in this issue.

On June 13, 2005 the company has issued 20,00,000 equity shares of Rs. 10/- each for cash at a price of Rs. 70 per share to the associate companies. The shares were issued against share application money infused into the company in tranches over the period from May 04 - Mar 05.

The price at which equity shares have been issued in the last 12 months is not indicative of the price, which may be offered in this issue.

22. Restrictive Covenants in the Sanction letter from Bank of India.

The sanction letter dated April 21, 2005 issued by Bank of India for a fund based and non-fund based limit of Rs.3476.36 lacs and Rs.1640.00 lacs respectively, contains the following restrictive covenants on the Company, during the currency of the facility, wherein the Company shall not without the prior consent of the Bank in writing:

- a) effect any change in the company's capital structure.
- b) Implement any scheme of expansion/modernization/diversification/ renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
- c) acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank
- d) Formulate any scheme of amalgamation or re-construction.
- e) Invest by way of share capital in, or lend or advance funds to, or place deposited with any other concern, normal trade credit or security deposited in the normal course of business or advances to employees can, however, be extended.
- f) Enter in borrowing arrangements either secured or unsecured with any other bank, financial institutions, firm or persons or accept deposits in excess of limits laid down by Reserve Bank of India.
- g) Undertake guarantee obligations on behalf of any other firm or person,
- h) Pay guarantee commission to the guarantors whose guarantees have been stipulated/furnished for the credit limits sanctioned by the Bank,
- i) Create any further charge, lien or encumbrance over the assets and properties of the Company charged/to be charged to the Bank in the favour of any other Bank, Financial Institutions, Company, Firm or person.
- j) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank,
- k) Declare dividends for any year without prior approval of the Bank.

B. EXTERNAL TO THE COMPANY**1. License Conditions and Regulatory Scenario of Telecommunications Industry**

We conduct our business in a highly regulated business environment and are subject to conditions, restrictions and obligations under the Internet Services Provider License Agreement executed with the Department of Telecommunications under the Ministry of Communications and Information Technology, GOI pursuant to the National Telecom Policy 1994 ("NTP'94"), as modified by the New Telecom Policy 1999 ("NTP'99"). The legal and regulatory framework under which we operate is still evolving. The details of the regulatory environment governing our business are set out in the section on "Business Overview" on page no. 57 in this Prospectus.

2. We face significant competition from existing private operators and potential new entrants including Government-controlled enterprises.

The telecom policy now offers a level playing field for all operators and no operator has any significant advantage vis-à-vis us in IP/VPN connectivity. New entrants may enter the IP/VPN sector, which would increase competition. Further there can be no assurance that the Government will continue to ensure a level playing field between the Government controlled enterprises and private network operators, such as us, which could affect our business.

Most of our competitors have significantly greater financial resources, well-established brand names, large and existing customer base and the potential to cross-subsidize competitive services with revenues from other services.

Investors should consider the risks, expenses and difficulties frequently encountered in connection with the operation and development of a business competing with the incumbent competitor and other large operators who have a substantially larger scale of operations and financial resources.

3. Risk of Force Majeure, Political, economic and war risks

Our operations are dependent upon our ability to protect network infrastructure against damage from fire, earthquakes, floods, power loss and similar events and to construct networks that are not vulnerable to the effects of such events. The occurrence of a natural disaster or other unanticipated incidents at our facilities or at the sites of our switches could cause interruptions in the services provided by us. Additionally, failure of the other telecommunications providers to provide voice and data communications capacity required by us as a result of natural disaster, operation disruption or for any other reason could cause interruptions in the services provided by us. Any damage or failure that causes interruptions in our operations could have a material adverse effect on our business, operating results and financial condition.

Our performance may be affected by a number of factors beyond our control including political and economic developments both inside and outside India.

4. An economic downturn may negatively impact our operating results

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

Notes:

- The net worth of the Company as per the restated^o
- The average cost of acquisition of Equity Shares of the Promoters is as under:

S.No	Promoter	Cost per share
1	Lt. Col. (Retd.) H. S. Bedi	Rs.2.62
2	Mrs.Maninder Bedi	Rs.2.46

- The Book value of equity shares as on September 30, 2005(on un-consolidated basis) is Rs.26.46.
- The promoters/ directors/ key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
- No loans and advances have been made to any persons/companies in which the Directors of the Company are interested except as stated in the Auditors report. For details please refer to page no. 116 of the Auditors report.
- The investors are advised to refer to the Para on “Basis for Issue Price” before making any investment in this Offer.
- Investors may note that in case of over-subscription in the issue, allotment to non-institutional and retail portion allotment shall be on proportionate basis. For more information, see “Basis of Allotment” beginning on page no.185 of this Prospectus.
- The promoters, relatives and directors of the Company have not undertaken any transactions in the shares of the Company during the last six months.
- The issue is being made through a 100% Book Building Process wherein upto 50% of the Net Public Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, at least 15% of the Net Issue will be available for allocation on a proportionate basis to Non-institutional Bidders and at least 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- The investors may contact the Book Running Lead Managers or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
- For related party transactions and transactions with significant shareholders, please refer to the sections entitled “Related Party Transactions” on page no. 116 of this Prospectus.
- Trading in equity shares of our company for all the investors shall be in Dematerialized form only.

SECTION III - INTRODUCTION**1. SUMMARY****Business Overview**

We are an IT infrastructure and connectivity provider. We provide network integration services, rural /state wide networks and inter-city and intra-city IP/VPN wireless connectivity. We started our operations in 1992 as a reseller of software and hardware products and provider of maintenance contracts for networks. Subsequently, we migrated into network integration, where, as a comprehensive network integrator, we design and develop networks for our clients, provide networking equipment from other vendors, manage the integration and implementation of these projects, and provide network management and maintenance services. Our strategy has been focused on identifying and entering into higher margin areas allied or adjacent to our existing businesses. In 2004, we were ranked the 4th largest network integrator in the country by Voice & Data Online. To complement our existing business as a network integrator, and to pursue the potential in the VPN and broadband markets, we recently diversified into providing IP/VPN wireless based connectivity solutions. While our competitors have traditionally provided connectivity solutions based on leased lines and VSATs, we built expertise in providing wireless based connectivity. Our growth strategy is focused on providing nationwide connectivity services through a hybrid of leased lines and wireless based last mile access.

Business model

We have a hybrid business model, with two principal lines of business :

- Network integration and management services
- IP/VPN wireless connectivity

The addition of our IP/VPN wireless network allows us to further consolidate our strength as network integrator through providing total network solutions - from the design and development stage, to remotely managing the network and providing nationwide connectivity through our IP VPN wireless access business. Further, our new business will also allow us to participate in the growing VPN market for corporates with existing networks, as we believe our connectivity solution provides higher uptime at a lower cost as compared to other alternatives.

Product Portfolio

Our product portfolio includes

- **Network integration**

As part of our network integration services, we design and develop networks for our clients. Further, we assist our clients by identifying and providing equipment for their networks, integrating and implementing their network rollouts, and providing post-implementation network management and maintenance services. We have also started providing remote management services through our network operation centres, thereby providing significant cost and space savings to our clients.

- **Wireless:** We provide wide range of point to point and point to multi-point wireless applications, including products for backhaul from 4E1 to 1 GB and access products at 4MBPS.
- **Networking:** We have established strong presence in networking and over the years have developed expertise in designing and implementing local and wide area networks. Currently we have over 75 certified Cisco engineers and are also a premier select partner for Cisco.
- **Services:** We provide facility management, network management and security services to leading Indian corporates. With a countrywide presence in 26 cities, we are able to provide a single window for countrywide support.
- **Rural Connect:** Rural Connect is our offering targeted at state Governments and agencies to provide internet connectivity in rural areas on a revenue sharing basis.

- **IP/VPN wireless connectivity**

Tulip Connect: We have recently launched our Internet Protocol based Virtual Private Network wireless connectivity business. We provide inter-city and intra-city data connectivity specifically to corporate clients based on a hybrid strategy. Inter-city connectivity is provided through leased lines and fibre optic cables

from multiple service providers. Intra-city connectivity is provided wirelessly through our own network. We are in the process of rolling out IP/VPN services in 130 cities to provide connectivity solutions to corporates.

Some of our key clients are listed below:

Name of the Client	Project details
Bank of Punjab	Countrywide connectivity for Banking and ATM
Punjab National Bank	Connectivity for 500 branches
HDFC Bank	Countrywide connectivity to select branches of HDFC Bank
Kerala IT Mission	Connecting more than 550 Akshay centers
DuPont	Wireless connectivity
Hindustan Times	Wireless Connectivity
Pizza Hut	IP VPN Connectivity
Becton & Dikenson	Networking equipment, Wireless Equipments and IP VPN Connectivity
J & K Bank Limited	Wireless and Networking equipment
Philips	Wireless connectivity and networking equipment
Sapient	IP VPN Connectivity
Amar Ujala	IP VPN Connectivity
Equant	Last mile connectivity to their premium customers

Business Strategy

Country-wide wireless network providing last mile connectivity based on wireless technology

We are installing a IP/VPN Wireless Wide Area Network (WWAN) on a countrywide-basis. Our wireless network is economical, extremely reliable, quick and easy to roll out. The network is based on Wireless IP in Local Loop (WIPLL), and overcomes the problems of towers by providing connectivity using Non/Near Line of Sight Radios that can use radio affixed on walls or poles.

Low cost connectivity

The cost of this connectivity is not only low but intra-city and inter-city connectivity can be rolled out with near zero-install and different locations in numerous different cities can be connected very rapidly.

Proposed Urban Connectivity for providing Internet Protocol based Virtual Private Network

“Tulip Connect”, our brand offering for corporate clients provides IP/VPNs wireless based connectivity through a network that is more secure, scalable and flexible, and faster to deploy compared to legacy networks

Proposed Rural connectivity where State Wide Area Networks would trigger private sector growth

Rural Connect, our rural brand offering endeavours to bridge the digital divide in India by providing instant connectivity to remote rural areas under a unique concept named “Gyanbhandar”. Gyanbhandars are State Wide Area Networks (SWANs) where financial institutions, FMCG companies and we would come together to automate all trading processes in villages. This would promote private sector growth by providing connectivity to Banks and Corporates to develop business in rural areas. The SWANs would also be connected to national network and would enable all the treasuries / revenue collection agencies to be online for voice, data and video.

Target Market

Our target customer segments are:

- Banks for Branch/ATM connectivity
- Corporates for connectivity to branches, C&F agents
- Service Providers for access to their customers

- Government agencies for inter-city and intra-city connectivity
- Lottery operators
- Stock Brokers
- News/data transmitters
- Media for high bandwidth roaming coverage
- Airlines/Travel agents

Industry Overview

We have a hybrid business model and operate in multiple industries

Indian IT Industry

The recent Indian economic recovery has been supported by robust growth in the Information Technology (IT) industry. Evolving technological solutions as well as advances in existing technologies have led to increase in corporate productivity. Capital expenditure on IT and IT enabled services (ITeS) transforms into increased revenue for the IT industry. The Indian IT industry continues to scale new heights and has posted double digit growth for the financial year 2005, as per the Nasscom strategic review 2005. The industry is expected to touch USD 28 billion in FY 05. The IT industry in India can be broadly defined into three major sectors - IT services, IT enabled services and hardware sectors. Network Integration spans across the IT Services and Hardware sectors.

Network integrators play a critical role for companies seeking to expand to multiple locations and upgrade their network and IT infrastructure. Network integration does not merely consist of buying products and building a network, but on a larger perspective, includes network design and development as well as maintenance of complex networks. A network integrator is required to possess domain understanding of the customer's business segment with the ability to provide the right technology to customers. Generally the value-chain of network integration services includes consulting on design of the network; supply of hardware; project management; integration and implementation; and post implementation network management.

As per Voice & Data estimates, the market size for network integration has increased from Rs. 3,372 crores in FY 04 to Rs 4,164 crores in FY 05. The growth in the network integration business is driven primarily from segments, viz., banking, finance & insurance companies, telecom service providers, BPO, manufacturing companies and government initiatives.

Telecom Industry

Till recently, in India and most parts of the world, telecom was a Government owned monopoly. India's telecommunications market began to be liberalised in 1992, when value-added services were opened to competition. Since then, additional markets have been liberalised and the sector is now fully-open to competition. Even though the state-owned domestic fixed-line carriers have managed to maintain their dominance of the sector, regulatory changes have marked the entry of many successful new players. It was the liberalisation of the cellular and basic fixed-line services markets that provided the crucible from which the new Indian telecommunications market has been forged. The liberalisation of the Internet access market has also provided much of the impetus for change in recent years.

Enterprises, internet service providers and mobile network operators all look for cost effective ways to move voice and data amongst multiple, separate locations at broadband speeds. The demand for broadband in India is growing rapidly with rising e-commerce & internet transactions and an increasing need from companies to network their multiple locations. The key applications for the broadband are high volume data connectivity, internet access, video conferencing as well as burst data applications such as stock tickers and ATM transactions. In India, the key end users include banks and manufacturing companies that have large supply chain or distribution networks such as consumer goods companies, auto manufacturers, pharmaceutical companies and government agencies.

The development of new techniques for delivering Virtual Private Network (VPN) services over public networks continues to be one of the most active areas of innovation in telecommunications. The innovation has been driven by the motive to cut cost and complexity of the heritage architecture, which has been hindering companies to extend their network. TRAI defines a Virtual Private Network (VPN) as a private data network that makes use of the public telecommunication infrastructure, maintaining privacy through the use of tunneling protocol and

security procedures. The main purpose of a VPN is to provide customers virtually similar capabilities as private leased lines at much lower cost by using the shared public infrastructure.. In other words, a Virtual Private Network will allow users at remote locations to access a secured private network virtually from any location without installing expensive leased or private lines. Earlier, users at remote locations were not able to access the secure networks using shared Internet connections owing to security concerns.

According to an analysis of IP VPN services by IDC, the Indian market was around Rs 230 crore in 2003 and is expected to reach Rs. 500 crore by 2005 and Rs.1,100 crore by 2008

For further details about our Company and the industries we operate in, please refer to Section IV - About Tulip IT Services Limited on page no. 48 of this Prospectus.

THE ISSUE

Equity Shares offered: (Fresh Issue size)	90,00,000 Equity Shares
Of which	
Employee reservation portion	9,00,000 Equity Shares (allocation on a proportionate basis)
and :	
Net Offer to the Public	81,00,000 Equity Shares constituting 27.93% of the fully diluted post issue paid up capital of the Company.
Comprising	
Qualified Institutional Buyer Portion	40,50,000 Equity Shares (allocation on proportionate basis) Constituting upto 50% of the Net Offer to the Public
Of which	
Reservation for Mutual Funds	Upto 2,02,500 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	38,47,500 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion	12,15,000 Equity Shares (allocation on proportionate basis) Constituting upto 15% of the Net Offer to the Public
Retail Portion	28,35,000 Equity Shares (allocation on proportionate basis) Constituting upto 35% of the Net Offer to the Public
Equity Shares outstanding prior to the Issue	2,00,00,000 Equity Shares
Equity Shares outstanding after the Issue	2,90,00,000 Equity Shares
Object of the Issue	
Use of proceeds by the Company	See the caption "Objects of the Issue" on page no.20 of this Prospectus
Corporate Information	Originally Incorporated in India as Tulip Software Private Ltd on 19th May, 1992 in New Delhi under the Companies Act, 1956 vide Registration No. 55 - 48817. The name of the Company was changed to Tulip Software Ltd, the word "Private" deleted U/s 43A of the Companies Act, 1956 and the company has become a deemed Public Company w.e.f. 1st July, 1997. The name of the Company was changed to Tulip IT Services Ltd. vide Fresh Certificate of Incorporation dated 10th January, 2002. The registered office of the company is situated at C- 160, Okhla Industrial Area , Phase - I, New Delhi - 110 020 Tel. No: 91 011 - 51678001, Fax No: 91 011 - 51678002. Contact Person : Mr. Dinesh Kaushal, Chief Finance Officer cum Company Secretary. Email Id: ipo@tulipit.com

Under-subscription in any of the category, shall be allowed to be met through over-subscription in any other category.

SUMMARY FINANCIALS, OPERATING AND OTHER DATA

The following table sets forth the selected historical consolidated financial information of Tulip IT Services Limited derived from its restated and audited consolidated financial statements for the fiscal years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for six months period from April 1, 2005 to September 30, 2005, all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the auditor's report of M/s R Chadha & Associates, included in the section titled "Financial Statements" on page No. 96 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR LAST THREE YEARS

(Rs. In lacs)

Period ended on	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Income				
Sales:				
Sales	20,422.92	27,594.88	34,322.43	19,559.19
Other Income	13.59	17.52	63.21	22.06
Total Income	20,436.51	27,612.40	34,385.64	19,581.25
Expenditure				
Raw materials & goods consumed	19,241.00	25,315.64	30,968.60	16,049.83
Staff Costs	387.29	535.42	645.64	416.01
Administrative & Other Expenses	251.90	585.51	598.49	517.00
Selling & distribution expenses	46.91	76.34	103.27	146.92
Finance Expenses	89.80	214.99	353.36	305.48
Miscellaneous expenditure written off	0.44	0.44	1.04	1.01
Total expenditure	20,017.34	26,728.35	32,670.40	17,436.25
Net Profit Before Tax, Depreciation and Prior Period Items	419.17	884.05	1,715.25	2,145.00
Depreciation	40.90	71.35	99.62	61.49
Net Profit Before Tax, Depreciation and Prior Period Items	378.27	812.70	1,615.63	2,083.51
Provision for taxation	125.26	130.84	266.15	410.92
Tax Paid/Provisions Written back for the previous years	4.73	14.78	(52.29)	0.00
Net Profit After Tax & before prior Period Items	248.28	667.08	1,401.77	1,672.59
Prior Period Items	(1.47)	0.00	(0.18)	0.00
Balance carried to Balance sheet	246.81	667.08	1,401.59	1,672.59

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Rs. in Lacs

As at	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A. Assets				
Fixed Assets- gross block	532.21	822.01	2,266.95	2,583.69
Less: Depreciation	137.44	208.79	305.34	366.83
Net Block	394.77	613.22	1,961.61	2,216.86
Less: Revaluation Reserve	0.00	0.00	0.00	0.00
Goodwill	0.71	0.73	0.73	0.73
Net Block after adjustment for Revaluation Reserve	395.48	613.95	1,962.34	2,217.59
B. Investments	0.00	1.12	1.12	1.12
C. Current assets, loans and advances				
Inventories	308.45	1,843.01	2,056.31	2,462.38
Receivable	1,766.38	3,992.29	6,090.48	6,347.02
Cash and bank balances	184.67	306.57	884.14	1,297.59
Other current assets	395.51	178.50	118.09	220.55
Loans and advances	119.70	77.42	121.05	212.25
Total - A	2,774.71	6,397.79	9,270.08	10,539.79
Current liabilities and provisions				
Sundry liability	1,662.78	2,689.05	3,651.33	2,698.28
Provisions	261.28	1,162.57	590.41	707.82
TOTAL - B	1,924.06	3,851.62	4,241.74	3,406.09
Net Current Assets (A-B)	850.65	2,546.17	5,028.33	7,133.69
Total Assets	1,246.13	3,161.25	6,991.80	9,352.41
D. Liabilities and provisions				
Loan funds				
Working Capital Loans	333.31	1,153.92	1,958.04	2,084.41
Secured loans	63.80	74.17	258.02	1,823.87
Unsecured loans	0.00	0.00	0.00	0.00
TOTAL	397.11	1,228.09	2,216.06	3,908.28
Deferred Tax Liability	36.48	58.91	99.46	128.43
E. Net worth	812.54	1,874.25	4,676.28	5,315.70
Represented by:				
Shareholders funds				
Share capital	500.00	1,200.00	1,200.00	2,000.00
Share application Money Pending Allotment	0.00	0.00	1,400.00	1,200.00
Reserves and surplus	316.50	682.96	2,084.62	3,157.38
Less: Revaluation Reserve	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation Reserve)	316.50	682.96	2,084.62	3,157.38
Less: miscellaneous expenditure not written off	3.96	8.71	8.34	1,041.68
Total	812.54	1,874.25	4,676.28	5,315.70

2. GENERAL INFORMATION

REGISTERED OFFICE

Tulip IT Services Limited

C- 160, Okhla Industrial Area , Phase - I, New Delhi - 110 020

Tel. No: +91-011- 51678001, Fax No:+91-011- 51678002

E-mail: ipo@tulipit.com; Website: http://www.tulipit.com

Registration Number : 55-48817

Registrar of Companies, NCT Delhi & Haryana at New Delhi

C.G.O. Complex, Paryavaran Bhawan, 2nd floor, NCT, New Delhi - 110 003

BOARD OF DIRECTORS:

Name of the Director	Designation	Status
Lt. Col. (Retd) Hardeep Singh Bedi	Managing Director	Executive Director
Mrs. Maninder Bedi	Executive Director	Executive Director
Mr. Deepinder Singh Bedi	Director	Non-Executive Director
Ms. Sukhmani Bedi	Director	Non-Executive Director
Mr. Chandrahas Kutty	Director	Independent Director
Mr. Rajesh Pandita	Director	Independent Director
Mr. Rajesh Gulshan	Director	Independent Director
Lt.General(Retd) Amar Nath Sinha	Director	Independent Director

For further details in relation to our Board and Directors see the caption "Our Management" on page no.83 of this Prospectus.

Brief details of the Managing Director, Executive Director etc.,

Lt Col Hardeep Singh Bedi (Retd.) S/o Late. Maj K S Bedi, aged 52, National Defence Academy qualified.

Lt Col Hardeep Singh Bedi (Retd.) S/o Late. Maj K S Bedi, aged 52, National Defence Academy qualified. Commissioned in the 72 Armored Regiment of the Indian Army, Col. Bedi took early retirement from the Army to start his own company to utilise his entrepreneurship skills in the field of IT. During his 22 year experience in the Army, Col. Bedi worked as an instructor in the Army's Faculty of Computer Technology at MCTE, Mhow, worked with the Chief of Army Staff, and at the Army Headquarters to coordinate the Army's automation. He was awarded the 'Vishisht Seva Medal' (VSM) by the President of India for his role in the computerization of the Army. Today, he is a well-known figure in the IT industry and has vast experience in this field. Under his able guidance and strategic vision, we have achieved enviable success in a short span of 13 years.

Mrs. Maninder Bedi w/o Lt Col H S Bedi aged 54, a Post Graduate in Chemistry, with diplomas in Computer Applications and Industrial Management from the Directorate of Small Scale Industries. She is involved in the Company as head of the Administration and Human Resource functions.

For details of other directors please refer to the caption "Board of Directors" on page no.83 of the prospectus.

COMPANY SECRETARY CUM COMPLIANCE OFFICER	BOOK RUNNING LEAD MANAGERS
<p>Mr. Dinesh Kaushal Chief Financial Officer cum Company Secretary Tulip IT Services Limited C-160, Okhla Industrial Area, Phase - I, New Delhi - 110 020 Phone Nos.: +91 011 - 5167 8001 Fax No. : +91 011 - 5167 8002 Email : ipo@tulipit.com</p> <p>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.</p>	<p>Karvy Investor Services Limited "Karvy House" 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 Andhra Pradesh, India Tel.No.:+91-040-23374714/23320751 Fax No. : +91-040 23374714 E-mail : mbd@karvy.com SEBI Regn.No. INM000008365 Website: www.karvy.com Contact person: Mr. T R Prashanth Kumar</p>

<p>LEGAL ADVISORS TO THE ISSUE M/s. Vaish Associates 10, Hally Road, Apartment 5-6-7 New Delhi - 110 001 Phone Nos.: +91 011 5249 2525 Fax Nos. : +91 011 5249 2600, 23320484 Email: satwinder@vaishlaw.com Contact person : Mr. Satwinder Singh</p>	<p>Yes Bank Limited Nehru Centre, 9th Floor, Discovery of India, Dr. A B Road, Worli, Mumbai - 400 018 Maharashtra, India Tel. No.: +91 022 5669 9000 Fax No.: +91 022 2497 4158 Email: tulip@yesbank.in Website: www.yesbank.in Contact person: Mr. Hare Krishna</p>
<p>BANKERS TO THE COMPANY</p>	<p>REGISTRAR TO THE ISSUE</p>
<p>Bank of India 1, Paras Cinema Building, Nehru Place, New Delhi - 110 019 Phone Nos.: +91 011 - 26212906 Fax No. : +91 011 - 2644 7734 Email : boinehrupbr@vsnl.net</p> <p>Indian Overseas Bank 14-15, Farm Bhawan, Nehru Place, New Delhi - 110 019 Phone Nos.: +91 011-26435370/26432321 Fax No. : +91 011-26489201 Email : nehrubr@delsco.iobnet.co.in</p> <p>Canara Bank G-35, South Extension - I, New Delhi Phone Nos.: +91 011 - 24625032 Fax No. : +91 011 - 24611586 Email : fcsdse@canarabank.co.in</p> <p>Yes Bank Limited 48, Nyaya Marg, Chanakyapuri, New Delhi Phone No.: +91 011 5556 9027 Fax No. : +91 011 5168 0144 Email: ravi.sidhoo@yesbankltd.com</p>	<p>Karvy Computershare Private Limited "Karvy House" 46, Avenue 4, Street No.1, Banjara Hills,Hyderabad - 500 034 Andhra Pradesh, India Tel.No. : +91 040 23320251/23312454 Fax No. : +91 040 23431551 E-mail : mailmanager@karvy.com SEBI Regn.No. INR/000000221</p> <p>BANKERS TO THE ISSUE</p> <p>ICICI Bank Limited Land Mark, Race Course Circle, Vadodara - 390 007 Phone Nos.: +91-22-24988484. Fax No. : +91-22-22611138.</p> <p>UTI Bank Limited Sarkar - I, Ground Floor, Off Ashram Road, Ahmedabad - 380009 Phone Nos.: +91-22-22655285 Fax No. : +91-22-22611138</p> <p>Standard Chartered Bank 90, Mahatma Gandhi Road, Fort, Mumbai - 400001. Phone Nos: +91-22-22670162 Fax : +91-22-22624912.</p> <p>CitiBank N.A Citigroup Center, C-61, Bandra Kurla Complex G-Block, Bandra(East) Mumbai - 400051 Phone Nos: +91-22-50015646 Fax : +91-22-26535824</p> <p>Yes Bank Limited 9th Floor, Nehru Centre, Discovery of India, Dr.Annie Besant Road, Worli, Mumbai - 400018 Phone Nos: +91-22-56699086 Fax : +91-22-24947639.</p> <p>The Hongkong and Shanghai Banking Corporation Ltd. 52/60, Mahathma Gandhi Road, Fort, Mumbai - 400 001 Tel. No. +91-022-22681673, Fax No. +91-022-22734388</p>

BROKERS TO THE ISSUE
All members of the recognized Stock Exchanges would be eligible to act as Broker to the issue.
SYNDICATE MEMBER
<p>Karvy Stock Broking Limited 46, Avenue 4, Street No.1, Banjara Hills Hyderabad - 500 034 Andhra Pradesh, India Tel.No.:+91-040-23374714 Fax No.:+91-040 23311968 E-mail : vincent@karvy.com Website: www.karvy.com</p>
AUDITORS
<p>M/s. R Chaddha & Associates Chartered Accountants A-40, Naraina Industrial Area, Phase - II, New Delhi - 110 028 Telefax: 011 - 25891036 Email: rchadhaca@yahoo.com</p>

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES BETWEEN KARVY INVESTOR SERVICES LIMITED (“Karvy”) AND YES BANK LIMITED (“Yes Bank”).

SI. No.	Activities	Responsibility	Co-ordinator
01	Capital structuring with the relative components and formalities such as type of instruments, etc.	Karvy & Yes Bank	Karvy
02	Due diligence of the company’s operations / management / business plans / legal etc.	Karvy & Yes Bank	Karvy
03	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designed Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Karvy & Yes Bank	Karvy
04	Drafting and approval of Issue and statutory publicity material, etc.	Karvy & Yes Bank	Karvy
05	Drafting and approval of all corporate advertisement, brochure and other publicity material	Karvy & Yes Bank	Yes Bank
06	Appointment of Registrar, Bankers and Ad agency	Karvy & Yes Bank	Karvy
07	Appointment of Printer	Karvy & Yes Bank	Karvy
08	Marketing of the Issue , which will cover inter alia, Formulating- marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Finalize collection centers Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	Karvy & Yes Bank	Karvy
09	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	Karvy & Yes Bank	Karvy
10	Finalizing of Pricing & Allocation	Karvy & Yes Bank	Karvy

SI. No.	Activities	Responsibility	Co-ordinator
11	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Yes Bank	Yes Bank
12	The Post Issue activities of the Issue will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer company.	Yes Bank	Yes Bank

CREDIT RATING

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

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

MONITORING AGENCY

The Audit committee appointed by our Board of Directors will monitor the utilization of issue proceed. (No agency has been appointed to monitor the utilisation of funds.)

APPRAISING ENTITY

Bank of India

New Delhi Corporate Banking Branch
37, Shaheed Bhagat Singh Marg,
Near Shivaji Stadium
New Delhi - 110 001
Phone No.: 91 011 - 2336 1467
Fax No. : 91 011 - 2334 5603
Email : boindcbb@vsnl.net

BOOK BUILDING PROCESS

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

1. The Company;
2. Book Running Lead Managers;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIB bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date.

Please see the section titled "Issue Information" on page 163 of this Prospectus for more details.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 169 of this Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Prospectus and in the Bid cum Application Form.

UNDERWRITING AGREEMENT:

The Underwriters have underwritten the following number of Equity Shares:

Name and address of the Underwriters	Indicative Number of Equity Shares to be underwritten	Amount Underwritten (Rs. in lacs)
Karvy Investor Services Limited "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034	44,99,900	5399.88
Yes Bank Limited Nehru Centre, 9th Floor, Discovery of India, Dr. A B Road, Worli, Mumbai - 400 018	45,00,000	5400.00
Karvy Stock Broking Ltd. "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034	100	0.12

The above Underwriting Agreement is dated 21st December, 2005.

In the opinion of our Board of Directors and BRLMs (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

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

3. CAPITAL STRUCTURE OF THE COMPANY

As of October 31, 2005	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED SHARE CAPITAL 3,00,00,000 Equity Shares of Rs.10/- each	30,00,00,000	
B. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 2,00,00,000 Equity Shares of Rs.10/- each fully paid-up	20,00,00,000	
C. PRESENT ISSUE IN TERMS OF THIS PROSPECTUS 90,00,000 Equity Shares of Rs.10/- each fully paid up Out of which 9,00,000 Equity Shares of Rs.10/- each are reserved for allotment to Eligible Employees on a competitive basis	9,00,00,000 90,00,000	108,00,00,000 10,80,00,000
D. NET OFFER TO THE PUBLIC IN TERMS OF THIS PROSPECTUS 81,00,000 Equity Shares of Rs.10/- each	8,10,00,000	97,20,00,000
E. PAID UP EQUITY CAPITAL AFTER THE PRESENT ISSUE 2,90,00,000 Equity Shares of Rs.10/- each	29,00,00,000	
F. SHARE PREMIUM ACCOUNT Before the issue After the issue		12,00,00,000 111,00,00,000

DETAILS OF INCREASE IN AUTHORIZED CAPITAL:

S.No.	Particulars of increase	Date of Shareholder's Meeting
1.	From Rs.5,00,000 to Rs.10,00,000	28.12.1992
2.	From Rs.10,00,000 to Rs.25,00,000	31.03.1993
3.	From Rs.25,00,000 to Rs.50,00,000	28.03.1994
4.	From Rs.50,00,000 to 1,00,00,000	28.03.1998
5.	From Rs.1,00,00,000 to Rs.2,00,00,000	28.03.2002
6.	From Rs.2,00,00,000 to Rs.7,00,00,000	19.03.2003
7.	From Rs.7,00,00,000 to Rs.15,00,00,000	25.03.2004
8.	From Rs.15,00,00,000 to Rs.30,00,00,000	10.06.2005

NOTES TO CAPITAL STRUCTURE

1. Capital History of the Company

Details of the share capital history of our Company is as follows :

Date on which Equity Shares allotted /Made fully paid up	Number of Equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Cumulative No of Shares	Cumulative Share Capital	Nature of Allotment
19.05.1992	200	10	10	Cash	200	2,000	Promoters
24.03.1993	60,000	10	10	Cash	60,200	6,02,000	Promoters
19.03.1996	80,000	10	10	Cash	1,40,200	14,02,000	Promoters
21.02.1998	1,20,000	10	10	Cash	2,60,200	26,02,000	Promoters
18.07.1998	1,40,000	10	10	Cash	4,00,200	40,02,000	Promoters
26.11.2001	5,99,800	10	10	Cash	10,00,000	1,00,00,000	Promoters & Associates
28.03.2002	10,00,000	10	10	Cash	20,00,000	2,00,00,000	Promoters & Associates
19.03.2003	30,00,000	10	10	Bonus	50,00,000	5,00,00,000	Capitalization of reserves
25.03.2004	30,00,000	10	10	Bonus	80,00,000	8,00,00,000	Capitalization of reserves
25.03.2004	40,00,000	10	10	Cash	1,20,00,000	12,00,00,000	Promoters & Associates
10.06.2005	60,00,000	10	10	Bonus	1,80,00,000	18,00,00,000	Capitalization of reserves
13.06.2005	20,00,000	10	70	Cash	2,00,00,000	20,00,00,000	Allotted to Associate companies

Note:

The company issued bonus shares in the following ratio vide respective board resolution passed on the following dates

Sr. No.	No. of Shares	Bonus Share to each Equity Share held	Date of Board Resolution
1	30,00,000	1.5 : 1	19.03.2003
2	30,00,000	3 : 5	25.03.2004
3	60,00,000	1 : 2	10.06 2005

2. Promoters Contribution and Lock-In Period

The following shares will be locked in for a period of 3 years as part of the promoter's contribution:

Name	Date Of Allotment/ Date When Fully Paid up	Consideration	Number of Equity shares	Face Value (Rs.)	Issue Price (Rs.)	% of post issue capital	Lock-in period*
Lt. Col. (Retd.) H. S. Bedi	10.06.2005	Bonus	30,90,750	10	0	10.66	3 years
	25.03.2004	Bonus	18,75,000	10	0	6.47	3 years
	25.03.2004	Cash	4,54,050	10	10	1.56	3 years
Mrs. Maninder Bedi	10.06.2005	Bonus	3,80,200	10	0	1.31	3 years
Total			58,00,000			20.00	

The lock-in period for above mentioned shares will commence from the date of allotment of the shares in the present public issue.

Written consent have been obtained from the persons whose shares form part of promoters contribution and are subject to lock in period.

Other than the above, the entire pre-issue capital of our company i.e. 1,42,00,000 equity shares shall be subject to a lock in of one year from the date of allotment of shares in this Issue. Post-issue, the Promoters/ Promoter Group holding will be 68.97%. In terms of the SEBI guidelines, 20% of the post issue capital, held by promoters will be in locked-in for 3 years and the balance holding i.e. 1,42,00,000 equity shares will be in locked-in for 1 year.

Promoters

Name	Date of Allotment/ Acquisition	Consi-deration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% of pre-issue capital	% of Post Issue capital	Lock in Period
Lt. Col. (Retd.) H.S.Bedi	19.03.1996	Cash	40,000	10	10	0.20	0.14	1 year
	21.02.1998	Cash	60,000	10	10	0.30	0.21	1 year
	02.03.1998	Cash	40,000	10	10	0.20	0.14	1 year
	18.07.1998	Cash	70,000	10	10	0.35	0.24	1 year
	26.11.2001	Cash	4,00,000	10	10	2.00	1.38	1 year
	28.03.2002	Cash	6,40,000	10	10	3.20	2.21	1 year
	19.03.2003	Bonus	18,75,000	10	—	9.37	6.47	1 year
	25.03.2004	Cash	7,27,450	10	10	3.64	2.51	1 year
Total			38,52,450			19.26	13.28	
Mrs. Maninder Bedi	21.02.1998	Cash	60,000	10	10	0.30	0.21	1 year
	02.03.1998	Cash	30,100	10	10	0.15	0.10	1 year
	18.07.1998	Cash	70,000	10	10	0.35	0.24	1 year
	19.03.2003	Bonus	2,40,150	10	—	1.20	0.83	1 year
	25.03.2004	Bonus	2,40,150	10	—	1.20	0.83	1 year
	25.09.2004	Cash	1,20,000	10	10	0.60	0.41	1 year
Total			7,60,400			3.80	2.62	
Grand total			46,12,850			23.06	15.91	

Promoter Group

Name	Date of Allotment/ Acquisition	Consi-deration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of pre-issue capital	% of Post Issue capital	Lock in Period
Mr. Deepender Singh Bedi	26.11.2001	Cash	400	10	10	Negligible	Negligible	1 year
	19.03.2003	Bonus	600	10	Nil	Negligible	Negligible	1 year
	25.03.2004	Bonus	600	10	Nil	Negligible	Negligible	1 year
	10.06.2005	Bonus	800	10	Nil	Negligible	Negligible	1 year
Total			2,400				0.01	

Name	Date of Allotment/ Acquisition	Consi-deration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of pre-issue capital	% of Post Issue capital	Lock in Period
Ms. Sukhmani Bedi	26.11.2001	Cash	400	10	10	Negligible	Negligible	1 year
	19.03.2003	Bonus	600	10	Nil	Negligible	Negligible	1 year
	25.03.2004	Bonus	600	10	Nil	Negligible	Negligible	1 year
	10.06.2005	Bonus	800	10	Nil	Negligible	Negligible	1 year
	Total		2,400			0.01		
Sukhmani Technologies Private Limited	26.11.2001	Cash	1,39,000	10	10	0.69	0.48	1 year
	28.03.2002	Cash	1,10,000	10	10	0.55	0.38	1 year
	19.03.2003	Bonus	3,73,500	10	Nil	1.87	1.29	1 year
	25.03.2004	Bonus	3,73,500	10	Nil	1.87	1.29	1 year
	10.06.2005	Bonus	4,98,000	10	Nil	2.49	1.71	1 year
	13.06.2005	Cash	2,27,143	10	70	1.14	0.78	1 year
	Total		17,21,143			8.61	5.93	
Cedar Infonet Private Limited	26.11.2001	Cash	60,000	10	10	0.30	0.21	1 year
	28.03.2002	Cash	2,50,000	10	10	1.25	0.86	1 year
	19.03.2003	Bonus	4,65,000	10	Nil	2.33	1.60	1 year
	25.03.2004	Bonus	32,83,500	10	Nil	16.42	11.32	1 year
	10.06.2005	Bonus	20,29,250	10	Nil	10.15	7.00	1 year
	13.06.2005	Cash	10,30,614	10	70	5.15	3.55	1 year
	Total		71,18,364			35.60	24.54	
Encore Technologies Private Limited	13.06.2005	Cash	7,42,243	10	70	3.71	2.56	1 year
	Total		7,42,243			3.71	2.56	
Mr. Inderpal Singh Grover	25.09.2004	Cash	200	10	10	Negligible	Negligible	1 year
	10.06.2005	Bonus	100	10	Nil	Negligible	Negligible	1 year
	Total		300					

Notes :

- (i) Shares held by the persons other than the promoters, prior to Initial Public Offering, which are subject to lock-in as per clause 4.14.1 of SEBI Guidelines, may be transferred to any other person, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended as applicable.
- (ii) Shares held by the promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the Issuer Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended as applicable.

(iii) We confirm that the 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 are 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.

3. Buyback and Standby Agreements

Neither we nor our Directors nor the Promoters nor the Promoters Group Companies, their respective Directors, the BRLMs have entered into any buyback and/or standby arrangements for the purchase of our Equity shares from any person.

4. **Over-subscription** - an oversubscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to nearest integer while finalizing the basis of allotment.

5. In this issue, in case of over-subscription in all categories, upto 50% of the issue shall be allocated on proportionate basis to Qualified Institutional Buyers out of which 5% shall be available for allocation on a proportionate basis to mutual funds. The remainder shall be available for allotment on a proportionate basis to QIBs and mutual funds. Not less than 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any in the Employee reservation category would be met with spill over from the net offer to the public category at the sole discretion of our Company in consultation with the BRLMs. Undersubscription, if any, in the non-institutional bidders and retail bidders category would be met with spillover from other categories at the sole discretion of our Company in consultation with BRLMs.

6. Pre-Issue and Post-Issue Shareholding Pattern

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

Sr. No.	Particulars	Pre Issue		Post Issue	
		No of Equity Shares	%	No of Equity Shares	%
1	Promoters:				
	i) Lt. Col (Retd.) H.S.Bedi	92,72,250	46.36	92,72,250	31.97
	ii) Mrs. Maninder Bedi	11,40,600	5.70	11,40,600	3.93
	Total (A)	1,04,12,850	52.06	1,04,12,850	35.91
2	Promoter Group				
	I) Companies:				
	Cedar Infonet Pvt. Ltd.	71,18,364	35.59	71,18,364	24.55
	Sukhmani Technologies Pvt. Ltd.	17,21,143	8.61	17,21,143	5.93
	Encore Technologies Pvt. Ltd.	7,42,243	3.71	7,42,243	2.56
	Total (i)	95,81,750	47.91	95,81,750	33.04

Sr. No.	Particulars	Pre Issue		Post Issue	
		No of Equity Shares	%	No of Equity Shares	%
	II) Individuals:				
	Mr. Deepinder Singh Bedi	2,400	0.01	2,400	0.01
	Ms. Sukhmani Bedi	2,400	0.01	2,400	0.01
	Mr. Inderpal Singh Grover	300	0.00	300	0.00
	Total (ii)	5,100	0.03	5,100	0.02
	Sub total (B)	95,86,850	47.94	95,86,850	33.06
3	Others				
	Mrs. Uma Nair	300	0.00	300	0.00
	Sub total (C)	300	0.00	300	0.00
4	(i) Employees	-	-	9,00,000	3.10
	(ii) Public	-	-	81,00,000	27.93
	Sub total (D)	-	-	90,00,000	31.03
	TOTAL(A+B+C+D)	2,00,00,000	100.00	2,90,00,000	100.00

The names of the natural persons in control of corporate bodies forming part of the promoters group are as follows:

- **Cedar Infonet Pvt Ltd.**
Lt. Col. (Retd.) H.S. Bedi
Mr. Deepinder Singh Bedi
Ms. Sukhmani Bedi
- **Sukhmani Technologies Pvt. Ltd.**
Lt. Col. (Retd.) H.S. Bedi
Mr. Deepinder Singh Bedi
Ms. Sukhmani Bedi
- **Encore Technologies Pvt. Ltd.**
Lt. Col. (Retd.) H.S. Bedi
Mrs. Maninder Bedi
Mr. Deepinder Singh Bedi
Ms. Sukhmani Bedi

None of these bodies corporate/natural persons have been restrained from accessing the capital markets for any reasons by SEBI or any other authorities.

7. Top Ten Shareholders:

Our ten largest shareholders two years prior to date of filing of the Prospectus with RoC are as follows:

S. No.	Name of the Shareholder	As on 31.03.2003	% to post issue Capital
1	Lt. Col (Retd.) Hardeep Singh Bedi	31,25,000	10.76
2	Mrs. Maninder Bedi	4,00,250	1.38
3	Mrs. Basant Grover	75,250	0.26
4	Mr. Deepinder Singh Bedi	1,000	Negligible
5	Ms. Sukhmani Bedi	1,000	Negligible
6	Cedar Infonet Pvt. Ltd.	7,75,000	2.67
7	Sukhmani Technologies Pvt. Ltd.	6,22,500	2.15

Our ten largest shareholders 10 days prior to date of filing of this Prospectus with RoC are as follows:

S.No.	Name of the Shareholder	No. of Shares (of Rs.10 each)	% to post issue capital
1	Lt. Col. (Retd.) Hardeep Singh Bedi	92,72,250	31.97
2	Cedar Infonet Private Ltd	71,18,364	24.55
3	Sukhmani Technologies Pvt. Ltd.	17,21,143	5.93
4	Mrs. Maninder Bedi	11,40,600	3.93
5	Encore Technologies Pvt Ltd.	7,42,243	2.56
6	Mrs. Uma Nair	300	Negligible
7	Mr. Inder Pal Singh Grover	300	Negligible
8	Mr.Deepinder Singh Bedi	2,400	0.01
9	Ms.Sukhmani Bedi	2,400	0.01

Our ten largest shareholders as on the date of filing of this Prospectus with RoC are as follows:

S.No.	Name of the Shareholder	No. of Shares (of Rs.10 each)	% to post issue capital
1	Lt. Col. (Retd.) Hardeep Singh Bedi	92,72,250	31.97
2	Cedar Infonet Private Ltd	71,18,364	24.55
3	Sukhmani Technologies Pvt. Ltd.	17,21,143	5.93
4	Mrs. Maninder Bedi	11,40,600	3.93
5	Encore Technologies Pvt Ltd.	7,42,243	2.56
6	Mrs. Uma Nair	300	Negligible
7	Mr. Inder Pal Singh Grover	300	Negligible
8	Mr.Deepinder Singh Bedi	2,400	0.01
9	Ms.Sukhmani Bedi	2,400	0.01

8. The aggregate shareholding of the promoter group is 95,86,850 equity shares. The Promoter Group/directors of our Company have not purchased and/or sold/ financed any shares of the Company during the past six months.
9. 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.
10. The Promoters Contribution brought by persons defined as promoters under the SEBI Guidelines is not less than the specified minimum lot
11. Only eligible employees would be eligible to apply in the issue under the employee reservation portion on competitive basis. Eligible employees can also make bids in the net public offer and such bids shall not be treated as multiple bids.
12. The unsubscribed portion if any out of the 9,00,000 Equity Shares reserved for allotment to eligible employees may be added to the net offer to the public under any of the categories.
13. There are no outstanding warrants, options or rights to convert debentures or other instruments into equity shares as on date.
14. Our Company does not currently have any Employee Stock Option Plan.

-
15. Our Company has not issued any shares for consideration other than cash (other than by way of capitalization of reserves) or out of revaluation of reserves. Shares Issued by capitalization of reserves are:
- On 10th June, 2005 we issued 60,00,000 equity shares as fully paid-up bonus shares on the ratio of 1:2 by capitalisation of Rs. 6,00,00,000 from our reserves as approved in our EGM.
 - On 24th March, 2004 we issued 40,00,000 equity shares as fully paid-up bonus shares on the ratio of 3:5 by capitalisation of Rs. 3,00,00,000 from our reserves as approved in our EGM.
 - On 19th March, 2003 we issued 30,00,000 equity shares as fully paid-up bonus shares on the ratio of 1.5:1 by capitalisation of Rs. 3,00,00,000 from our reserves as approved in our EGM.
16. The equity shares held by our promoters, which are locked-in, may be transferred to and amongst other promoter/promoter group or to a new promoter or persons in control of our company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as amended as applicable. Our promoters may pledge their equity shares with banks or financial institutions as additional security for loan whenever availed by them.
17. We have not issued any equity shares out of revaluation reserves.
18. The Company has not taken any "bridge loan" from any bank which would be repaid out of the issue proceeds for any purpose whatsoever or for the proposed project.
19. 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 draft Red Herring Prospectus with SEBI until the equity shares offered through hereby have been listed.
20. The company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of the Issue, by way of split/consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly into Equity Shares) whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.
21. There shall be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
22. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
23. 14,20,000 Equity Shares pertaining to Lt. Col. (Retd.) H S Bedi and Mrs. Maninder Bedi have been pledged in favour of Bank of India as Collateral Security for securing demand loan of Rs.245 lacs.
24. Restrictive Covenants in the Sanction letter from Bank of India.
- The sanction letter dated April 21, 2005 issued by Bank of India for a fund based and non-fund based limit of Rs.3476.36 lacs and Rs.1640.00 lacs respectively, contains the following restrictive covenants on the Company, during the currency of the facility, wherein the Company shall not without the prior consent of the Bank in writing:
- effect any change in the company's capital structure.
 - Implement any scheme of expansion/modernization/diversification/ renovation or
 - acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
 - Formulate any scheme of amalgamation or re-construction.

- e) Invest by way of share capital in, or lend or advance funds to, or place deposited with any other concern, normal trade credit or security deposited in the normal course of business or advances to employees can, however, be extended.
 - f) Enter in borrowing arrangements either secured or unsecured with any other bank, financial institutions, firm or persons or accept deposits in excess of limits laid down by Reserve Bank of India.
 - g) Undertake guarantee obligations on behalf of any other firm or person,
 - h) Pay guarantee commission to the guarantors whose guarantees have been stipulated/furnished for the credit limits sanctioned by the Bank,
 - i) Create any further charge, lien or encumbrance over the assets and properties of the Company charged/to be charged to the Bank in the favour of any other Bank, Financial Institutions, Company, Firm or person.
 - j) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank,
 - k) Declare dividends for any year without prior approval of the Bank.
25. Securities offered through this issue shall be made fully paid up or may be forfeited within 12 months from the date of allotments of securities in the manner specified in clause 8.6.2 of the SEBI (DIP) Guidelines.
26. As on the date of filing of this Prospectus, the total number of equity share holders are 9.

4. OBJECTS OF THE ISSUE

The objectives of the Issue are to raise capital in order to:

- Expand our Internet Protocol / Virtual Private Network (IP/VPN) Wireless business
- Expanding our network coverage to 130 cities of the country.
- Improving our capability to provide data/ voice over IP/ video connectivity with
 - i. high uptime
 - ii. flexible bandwidth on demand.
- To meet additional working capital requirements as a result of the expansion of our Wireless based IP/VPN business, and to meet pre-operative and preliminary expenses for the proposed expansion, including Issue expenses
- To achieve the benefits of listing our Equity Shares

The net proceeds of the Issue, after deducting all Issue related expenses, are estimated to be Rs.10079 lacs.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. The fund requirement and deployment is based on internal management estimates and has been appraised by the Bank of India. The fund requirement below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our Management. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from Promoter contributions or internal accruals of the Company. The balance proceeds of the Issue, if any, will be used for growth opportunities and general corporate purposes.

Wireless based IP/VPN Business Expansion Project

We propose to expand our IP/VPN wireless network to cover 130 cities and to build redundancies throughout the network. Once deployed, we will provide a high uptime, bandwidth-on-demand network that can be deployed in a minimal timeframe to corporates requiring data connectivity. The network will provide both inter-city and intra-city connectivity using a wireless base for last mile access. Inter-city connectivity will be provided through

leasing fibre optic cables from multiple service providers. Intra-city connectivity will be provided wirelessly through our own network. The network will be managed out of Mumbai. The cost of the project as appraised by the Bank of India is summarized in the table below:

Sr. No.		Rs./lacs
1.	Building construction at Mumbai	320
2.	Equipment	
	- Hardware	7185
	- Software	550
3.	Leased line and WPC loyalty charges	935
4.	Miscellaneous fixed assets	679
5.	Contingencies	483
6.	Preoperative and Preliminary Expenses	2103
7.	Security Deposit	275
8.	Working Capital fund for new project	871
Total of Cost of Project		13400

The means of financing our Wireless based IP/VPN business expansion plans are provided in the table below:

Sr. No.		Rs./lacs
1	Share Capital by way of this Issue	900
2	Promoters Contribution	1400
3	Term Loan	6000
4	Share Premium	9900
Total of Means of Finance		18200

We have been sanctioned a term loan from the following Banks:

Bank	Nature of loan and details of sanction letter	Sanctioned amount (Rs Lacs)	Rate of Interest	Terms of repayment	Securities offered
Bank of India	Term Loan NDCBB/CAD/RKS/ 124 dtd. 21st April, 2005	2400	1% over BPLR. Presently 11.75%	20 equal quarterly installments of Rs.120 lacs each from April 2006.	The proposed term loan will be secured by creation of charge on net block of the company on except property at Delhi & Mumbai. Collateral security:- Joint and several guarantees of Lt.col Hardeep Singh Bedi, Mrs. Maninder Bedi, Mr.Deepinder Singh Bedi and Ms.Sukhmani Bedi.
Indian Overseas Bank	Term Loan 30th July, 2005	1800	BPLR+0.75% per annum with monthly rests.	20 equal quarterly installments of Rs.90 lacs starting from April, 2006	1st charge on paripassu basis with other consortium banks on the assets to be created out of the term loan. Collateral security:- Joint and several guarantees of Lt.col Hardeep Singh Bedi, Mrs. Maninder Bedi, Mr.Deepinder Singh Bedi and Ms.Sukhmani Bedi.

Notes:

- We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed Public Issue have been made.
- Any shortfalls in meeting project cost for expansion of Wireless based IP/VPN business will be met through further internal accruals and promoters contribution.
- No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or group Companies.
- Pending utilisation, the proceeds will be invested in high quality, interest/dividend bearing short term/long term instruments including deposits with the banks, for the necessary duration. These investments would be authorised by the Board of Directors or a duly authorised committee thereof.
- We will be acquiring 69.62% of the total project cost as tangible assets that is proposed to be financed out of the issue.
- The balance proceeds of the issue in addition to the above mentioned requirements if any will be used for further growth opportunities and for General Corporate Purposes.
- The company is yet to obtain sanction for term loan worth Rs.1800 lacs.

5. APPRAISAL

The expansion of our Wireless based IP/VPN business has been appraised by the Bank of India, New Delhi Corporate Banking Branch, 37, Shaheed Bhagat Singh Marg, Connaught Place, New Delhi 110001, vide their appraisal note dated 13.08.2005, to be read in conjunction with an ICRA report assigning a Project Finance Rating (PFR 2-) (pronounced PFR two minus) to our project. The rating indicates moderate attributes of investments grade credit and the protective factors are average. The appraisal was done to establish techno-economic evaluation and financial feasibility of the project. The company has obtained consent letter from Bank of India to act an Expert in terms of Section 58 of the Companies Act, 1956. The SWOT analysis as appraised by Bank of India is as under:-

Strengths

- ⇒ Successful roll out of the pilot project: we have rolled out the pilot project for providing network connectivity, which is successfully working;
- ⇒ Already received confirmed orders from customers for almost 3,000 connects;
- ⇒ Strong in-house expertise in providing wireless connectivity;
- ⇒ Existing offices in 26 cities across the country which will be converted into support centers for this project;
- ⇒ In-house staff training facilities which produces qualified and experienced wireless engineers;
- ⇒ In-house Research & Development set-up;
- ⇒ Strategic alliances with world leaders in wireless technology and network integration equipment suppliers:
 - Airspan
 - Cisco
 - Radwin
 - WiLan
 - YDI
 - Aventry
- ⇒ In-house unit at Jammu to assemble Airspan, YDI and VIP radio products, which will provide various tax benefits in terms of excise, sales tax and income tax exemptions and help reduce the costing of products by more than 15%;
- ⇒ Excellent list of satisfied exiting customers of network integration business;
- ⇒ Strong marketing network for generating new business

Weaknesses

- ☞ We have to compete with companies having worldwide set-up and global recognition

Opportunities

- ☞ Only company providing turnkey networking and wireless based connectivity solutions;
- ☞ Increasing role of Information Technology as a source of competitive advantage., leading to a significant rise in networking and connectivity solutions;
- ☞ IP (Internet Protocol) playing a larger role in networking;
- ☞ Video, multi media and content will be the catalyst for growth and earning

Threats

- ☞ To compete against major players i.e. Wipro, HCL, Satyam as also the Basic Service operators;
- ☞ Rapidly changing government policies invariably affect the telecom sector;
- ☞ In view of change in technology other simpler solutions may also be introduced in the market

Details of cost of Wireless based IP/VPN business expansion project:

1. Building

We own a plot of land in Mumbai at Plot No. 32, Central Road, MIDC Marol, Andheri (East), Mumbai - 93, which was acquired from M/s Abdeyally Samsoodin & Co. for a total consideration of Rs.200 lacs. This land is free from all encumbrances and is registered in the name of the company. We intend to construct a building to house our main Network Operating Centre (NOC). The approximate area to be covered will be 47,500 sq. ft., at an approximate cost of Rs. 675 per sq. ft. The total cost of construction will be approximately Rs. 320.00 lacs. We are yet to make an application to the concerned authorities for construction of our Mumbai office.

We confirm that the seller of the land is no way related to promoters/directors of our company

2. Equipment - Hardware

A large number of equipment or key part of the equipment required for the project is manufactured outside India, and can be imported under open general license (OGL). The equipment is sold directly or through a network of distributors by the Original Equipment Manufacturers (OEM), and is therefore available locally in sufficient quantity and quality. We have procured such equipment on prior occasions without any difficulty in procurement of any items.

Equipment required for our expansion project is divided into the following categories:

		Rs. In lacs
A	Network Operating Centre	2,043.74
B	Regional Network Operating Centre Equipment	1,325.52
C	Point of Presence Equipment	3,814.98
	TOTAL	7,184.25

We are yet to place orders for equipment worth Rs.5703.08 lacs which translates into 79.39 % of the total value of the Equipment proposed to be acquired in the present project.

Further, our Company has not bought/is proposing to buy any second hand machinery.

A. Installation of Network Operating Centres (NOCs) at Mumbai and Delhi:

To manage and maintain our Wireless based IP/VPN network, we will set up two Network Operating Centres - a main NOC in Mumbai and a back-up NOC in Delhi. The NOCs will house servers and back-up equipment. Apart from the back-up NOC in Delhi, the Mumbai NOC will have 100% redundancy. Estimates for servers and back-up equipment, electrical installation and networking equipment required for setting up our network operating centres have been prepared on the basis of quotations received, and are provided in the table below:

	Rs. In lacs
Servers and back-up equipment	1286.50
Electrical Installation (Rs. 155.99 X 2)	311.98
Networking equipment	445.26
Total	2043.74

Servers and Back-up Equipments

Estimates for the Servers and back-up equipment have been prepared on the basis of quotations received from INGRAM MICRO India Pvt. Ltd. dated 30th July 2005 are provided in the table below.

(Rs. In Lacs)

Item Description	Qty	Rate	Total Amount
Database Servers	3	72.93	218.79
Application Servers	3	35.89	107.67
Web Server	3	28.58	85.74
Mail Server	3	28.60	85.80
Backup Server	3	9.53	28.59
DNS Server	3	1.94	5.82
SMTP GW/Anti Virus Server	3	1.92	5.76
LDAP/RADIUS Server	3	1.92	5.76
SWITCH	3	51.81	155.43
SAN STORAGE SE 3510	3	67.21	201.63
TAPE LIBRARY	3	71.11	213.33
Sun ONE Web Server, Enterprise Edition, License Only, per CPU	3	8.97	26.91
Storage Software	3	14.87	44.61
Backup Software	3	11.03	33.09
Laser printer - Network ready			
Printer - Multifunction Inkjet colour Cartridge	3	-	21.58
Installation, Commissioning, integration, ATP, Configuration and Testing Charges	2	23.00	46.00
			1286.50

Electrical Installation

Estimates for the electrical installations per unit have been prepared on the basis of quotations received and are provided in the table below.:

(Rs. In Lacs)

Item Description	Qty	Rate	Total Amount	Quotation Date and Supplier Name
HT Works	1		0.77	(14.07.2005 Nikita Overseas)
Vaccum Circuit Breaker	1	7.01	7.01	-do-
Transformer	1	3.61	3.61	-do-
Main Lt Panel	1	4.77	4.77	-do-
Automatic Power Factor Correction Panel	1	4.48	4.48	-do-
Distribution Boards	1	1.32	1.32	-do-
Cables	LumpSum		3.90	-do-
Cable Terminations:	LumpSum		0.19	-do-
Power Wiring	LumpSum		0.68	-do-
Power Sockets	LumpSum		0.64	-do-
Earthing	LumpSum		1.82	-do-
Raceways	LumpSum		0.25	-do-
Junction Boxes	LumpSum		0.03	-do-
Light Fittings / Fans	LumpSum		1.63	-do-
Safety Items	Lumpsum		0.24	18.07.2005 UNICARE
Diesel Generator Works	1	21.79	21.79	29.06.2005 Sudhir Gensets Ltd
Ups Units	2	15.41	30.82	03.07.2005 Emerson Network Power (India) Ltd
Loading, Shipping, Transportation, Supply, Installation, Testing And Commissioning of 10.00KVA UPS	1	5.68	5.68	-do-
Software Compatibility For Monitoring And Shutdown Facility	1	21.45	21.45	-do-
Air-conditioning				
Precision Air-conditioning unit 16.5 TR capacity including ducts, grilles and DA units	1	37.10	37.10	30.07.2005 MAPLE Aircon Pvt Ltd
Miscellaneous			7.81	
Total			155.99	

B. NETWORKING EQUIPMENTS

Estimates for the Networking Equipment have been prepared by the company on the basis of quotations received and are provided in the table below:.

(Rs. In Lacs)

Item Description	Qty	Rate	Amount	Quotation Date and Suppliers Name
Core Router	3	18.98	56.94	30.07.2005 INGRAM MICRO India Pvt Ltd
Access Router	3	16.08	48.24	-do-
Remote Access Server	2	19.26	38.52	-do-
Internet Router	2	4.29	8.58	-do-
2 Mbps sync modem	4	6.52	26.08	-do-
Intrusion Detection System	2	11.44	22.88	-do-
Cache Engine	2	6.04	12.08	-do-
Optional	2	4.67	9.34	-do-
Core switch	2	42.61	85.22	-do-
L2 Switch	2	0.51	1.02	-do-
Cable Modem	2	0.75	1.50	-do-
NMS	2	12.07	24.14	-do-
Access Control Server	2	2.04	4.08	-do-
For application server load balancing	2	11.98	23.96	-do-
KVM Switch	2	1.49	2.98	-do-
42 U rack	2	19.85	39.70	-do-
Installation, Commissioning, ATP, and Integration Charges			40.00	-do-
Total			445.26	

Regional Network Operating Centre (NOC) Equipment

To improve the efficiency of our network, we will also establish Regional Network Operating Centres in 10 cities. These Regional Network Operating Centres will manage and maintain our intra-city wireless networks. Estimates for networking equipment and electrical installation required for Regional NOCs have been prepared on the basis of quotations received and are provided in the table below:

Sr. No.	Description	(Rs. In lacs)
1	Networking Equipment	992.28
2	Electrical Installation (10 X Rs.33.32 lacs)	333.24
	Total for 10 cities	1325.52

Networking Equipment:

(Rs. In Lacs)

Item Description	Qty	Rate	Amount	Quotation Date and Suppliers Name
Core Router	10	17.56	175.60	30.07.2005 INGRAM MICRO India Pvt Ltd
Access Router	10	14.89	148.90	-do-
Remote Access Server	10	8.91	89.10	-do-
2 Mbps sync modem	10	0.33	3.30	-do-
Firewall with fail over and VPN Concentrator	10	4.49	44.90	-do-
Core switch	10	34.49	344.90	-do-
L2 Switch	10	0.47	4.70	-do-
Cable Modem	20	0.70	14.00	-do-
NMS	10	11.17	111.70	-do-
42 U rack	10	2.52	25.20	-do-
Installation, Commissioning, ATP, testing and Configuration charges			30.00	-do-
			992.30	

Electrical Installation:

The estimates for the electrical installations have been prepared by the company on the basis of quotations received. The cost of electrical installation per unit is as under:

(Rs. In Lacs)

Description	Qty	Rate	Amount	Quotation Date and Supplier Name
HT Works	Lumpsum		0.21	14.07.2005 Nikita Overseas
Vaccum Circuit Breaker	1	1.40	1.40	-do-
Transformer	1	0.90	0.90	-do-
Main IT Panel	1	0.95	0.95	-do-
Distribution Boards	Lumpsum		0.39	-do-
Cables	Lumpsum		0.78	-do-
Cable Termination:	Lumpsum		0.18	-do-
Power Wiring	Lumpsum		0.08	-do-
Point Wiring	Lumpsum		0.07	-do-
Power Sockets	Lumpsum		0.33	-do-
Earthing	Lumpsum		0.99	-do-
Raceways	Lumpsum		0.26	-do-
Junction Boxes	Lumpsum		0.27	-do-

Description	Qty	Rate	Amount	Quotation Date and Supplier Name
Light Fittings / Fans	Lumpsum		1.77	-do-
Miscellaneous			2.08	
HT Works			0.23	
Diesel Generator Works				Sudhir Gensets Ltd 29.06.2005
Supply, Installation, Testing, Commissioning and obtaining approval.	1	5.45	5.45	-do-
UPS Units	1	3.85	3.85	Emerson Network Power (India) Ltd 03.07.2005
Loading, Shipping, Transportation, Supply, Installation, Testing and Commissioning of 10.00 KVA	1	1.42	1.42	-do-
Software compatibility for monitoring and shutdown facility	1	4.29	4.29	-do-
Air-conditioning				
Precision Air-conditioning unit 16.5 TR capacity including ducts Grilles, Ducts and DA units	1	7.42	7.42	MAPLE Aircon Pvt Ltd 30.07.2005
Total			33.32	

C. Point of Presence (POP) Equipment

Point of Presence nodes or Base Stations are the point from where last mile wireless access is delivered through a base station radio to our customers. We will set up Point of Presence nodes in 130 cities. For large cities, more than one Point of Presence node is required to provide network coverage throughout the city. We plan to have 647 base stations, with multiple base station radios in some access nodes. Equipment required for Point of Presence nodes consists of wireless trans-receivers, uninterrupted power supply equipment, diesel and solar generators and steel structures. We estimate the cost of POP node equipment, on the basis of quotations received from various vendors to be Rs. 3,814.98 lacs, details of which are provided in the table below:

(Rs. In Lacs)

Description	Qty	Rate	Total	Quotation Date and Supplier
Last Mile Connectivity Equipments				
Lease Line Modems	460	0.22	101.20	DEKTRON
POINT OF PRESENCE NODES				
UPS 5KVA 8 hour back-up	647	0.36	232.92	Emerson
Tower	647	0.36	232.92	K.K Enterprises
BSR		809	1.35	1092.50 Airspan
Portable Shelter and Genset	647	1.00	647.00	K.K Enterprises
Solar Panel	647	0.30	194.10	K.K Enterprises
2.4 ghz back bone radio	518	0.80	414.40	RADWIN
7/13gz back bone radio	129	7.00	903.00	AVENTRY
TOTAL HARDWARE COST		3818.04		

D. Equipment Software

Controlling the operations of our network will require network management software, billing software and security software. Such software is available in India, and on the basis of quotations received, will cost approximately Rs. 550 lacs. Details of the cost are provided in the table below:

(Rs. In Lacs)

Description	Qty	Rate	Total	Quotation Date and Supplier's Name
Network Management Software	1	250.00	250.00	INGRAM Micro India Pvt Ltd
Billing Software	1	200.00	200.00	-do-
Software Intrusion Detecting System	1	100.00	100.00	-do-
TOTAL			550.00	

3. Connectivity Charges

For providing inter-city connectivity, we will take inter-city leased lines or optical fiber from multiple service providers, like Railtel, Power Grid Corporation, GAIL etc. in a mesh architecture. The intra-city backbone network, used for communicating between various access nodes will be wireless based and will be connected to the nearest Point of Presence NOC through leased lines.

To provide Wireless based IP/VPN services, we will be required to take a legal IP address for the network and pay for one time Internet bandwidth charges. We estimate connectivity cost will be approximately Rs. 935 lacs details of which are provided in the table below:

Description	Rate	Qty	Total
Lease Line - 2 MBPS	2.00	360	720.00
64 KBPS	0.64	100	64.00
ISDN Connection	0.05	130	6.50
Analog Lines at 130 cities	0.15	130	19.50
Internet bandwidth charges	100.00		100.00
Charges for legal IP Address			25.00
Total			935.00

4. Facilities and Infrastructure

Infrastructure costs for our main NOCs and point of presence NOCs are provided in the table below:

Description	Qty	Rate	Rs. In Lacs
NETWORK OPERATIONS CENTRE	1		
- Main and Back-up Infrastructure			
Office Furniture	1	8.80	8.80
Office Equipments	1	38.44	38.44
Van	5	2.85	14.25
Other Assets	1	58.33	58.33
TOTAL for each			119.82
	2	A	239.64
Point of Presence Infrastructure			
Office Furniture	1	5.59	5.59
Office Equipments	1	28.45	28.45
Van	2	2.50	5.00
Other Assets	1	4.88	4.88
Total for each point of Presence			43.92
			43.92
POINT OF PRESENCE	10	B	439.20
TOTAL	A+B		678.84

5. Contingencies

We have a provision for 5% variation in the cost of construction, equipment, software, connectivity and NOC infrastructure, and estimate this amount at approximately Rs. 483.00 lacs.

6. Pre-Operative and Preliminary Expenses

We have provided for pre-operative expenses for 3 months, including salaries, rentals and communication charges amongst others. As preliminary expenses, we have made allowances for expenses related to the Issue, and an entry fee payable to the Department of Telecommunications, Ministry of Communications and IT to provide IP/VPN services:

Gestation Period in months	3	(Rs. In Lacs)
Salaries		271.07
Rent		47.91
Consumables		64.73
Traveling and Conveyance		108.00
Communication Charges		55.50
Staff Welfare		37.11
Electricity Charges		98.40
Interest on		
- Term Loan		114.25
- Bank Charges and Interest		-
	A	796.97
Preliminary Expenses and Public Issue Expenses		
Entry Fee to DOT	B	1,000.00
Total	A+B	1796.97
Fund raising Expenses	C	305.85
Total	A+B+C	2102.82
Rounded off		2103.00

7. Security Deposits

We will require various licenses to operate our network. These are:

- Internet Service Provider (ISP) license to provide internet connectivity to our customers
- IP VPN license to provide virtual private networking services under the ISP license
- IP -II license to provide services to service providers

These licenses are available on the deposit of bank guarantees for the same. We will be required to furnish bank guarantees of Rs. 700 lacs, details of which are provided in the table below:

Sr. No.	Description	(Rs. in Lacs)
1.	ISP License	100.00
2.	IP VPN License	100.00
3.	IP-II License	500.00
	Total	700.00

In order for us to avail of the bank guarantees, we will be required to deposit 25% of the bank guarantee amount as margin money.

Further, our point of presence offices will be rented, and we will be required to provide security money to land lords and to various departments such as State Electricity Boards, Telephone Service providers etc. We estimate this cost to be approximately Rs. 150 lacs. The total amount required for security deposits is provided in the table below:

	(Rs. in lacs)
Margin for Bank Guarantee of Rs. 700 lacs	175.00
Security Deposit for rentals and other services	100.00
Total	275.00

8. Working Capital Requirement

Initial working capital requirement of our expansion project is limited to maintain inventory for replacement of network equipment such as routers, modems, customer premise equipment, etc, and to maintain a cash balance for daily expenses.

CURRENT ASSETS	Holdings In Months	Amount Rs./Lacs
Expenses	1	302.60
Inventory		
- Repair of Network Equipment	1	38.95
- Consumables	1	21.58
- Customer Premises Equipments	1	566.38
Other Current Assets		77.90
Cash and bank balance		5.00
Total	A	1,012.40
CURRENT LIABILITES		
Since the company is service provider, therefore sundry creditors for the Customer Premises Equipments are envisaged	0.25	141.60
Total	B	141.60
Working Capital Required	C=A-B	870.81
Bank Finance		-
Net Working Capital	A-B	870.81

The details of our existing working capital facilities are as under:

(Rs. Lacs)				
Name of the Bank	Cash Credit	Letter of Credit	Bank Guarantee	Total
Bank of India	740.00	640.00	590.00	1970.00
Indian Overseas Bank	555.00	480.00	442.50	1477.50
Canara Bank	555.00	480.00	442.50	1477.50
Total	1850.00	1600.00	1475.00	4925.00

6. SCHEDULE OF IMPLEMENTATION

The schedule of implementation of the project as per Bank of India's appraisal report is as under:

Facilities	Date of Commencement	Date of Completion	Present status as on August 31, 2005
Land Acquisition	Already Acquired		Already Acquired
Building at Mumbai	November 2005	November 2006	Yet to commence
Placement of Orders*	August 2004	November 2005	Partially commenced
Bandwidth Tie-ups	October 2004	November 2005	Completed
Legal IP Address	January 2006	January 2006	Yet to commence
Delivery of Equipments	October 2004	December 2005	Partially commenced
Erection and Commissioning	November 2004	January 2006	Partially commenced
Trial Runs	December 2004	February 2006	Partially commenced
Commercial Operations	February 2005	March 2006	Partially commenced

* The Company has placed orders for part of its equipments. For the balance equipment the lead time between the placement of order and supply of machinery being nominal, the company does not foresee any delay in the implementation of the project.

Expenditure already incurred on the objects of the Issue

The expenditure incurred on our Wireless based IP/VPN business expansion project, upto September 30, 2005, as certified by our auditors R. Chadha & Associates, pursuant to their certificate dated 07.11.2005 was Rs. 2751.97 lacs as given in the table below:

Particulars	Rs. In lacs
Equipment	
- Hardware	1480.92
Lease Line and WPC Royalty Charges	169.09
Security Deposit	101.96
Preoperative and preliminary expenses (DOT licence fees)	1000.00
Total	2751.97
Means of Finance	
Share Capital	1400.00
Internal Accrual	1351.97
Total	2751.97

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed Public Issue have been made.

Shortfall of Funds

Any shortfalls in meeting the project cost will be met through further internal accruals and Promoters contributions.

No part of the Issue proceeds will be paid as consideration to the Promoters, directors, key managerial personnel, associate or group Companies.

7. PROPOSED DEPLOYMENT OF FUNDS:

(Rs. in Lacs)

Particulars	Already incurred till September 30, 2005	For the period October 1, 2005 to March 31, 2006	From April 1, 2006 to November 30, 2006	Total
Building	-	50.00	270.00	320.00
Equipment			-	
- Hardware	1480.92	5703.08		7184.00
- Software	-	550.00		550.00
Lease Line and WPC Royalty Charges	169.09	765.91		935.00
Facilities and infrastructure costs	-	679.00		679.00
Contingencies	-	400.00	83.00	483.00
Preoperative and Preliminary Expenses	1000.00	1103.00		2103.00
Security Deposit 101.96	173.04		275.00	
Additional Working Capital	-	871.00		871.00
Total	2751.97	10295.03	353.00	13400.00

8. INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. GILT edged securities and other interest bearing securities as may be approved the Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. We also intend to apply part of the proceeds of the Issue, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should we utilise the funds towards temporary reduction in utilization of short term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the project

9. TERMS OF THE PRESENT ISSUE

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

10. BASIS FOR ISSUE PRICE

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

Qualitative factors

- We have successfully implemented our Wireless based IP/VPN business;
- We have more than 3000 connects for our Wireless based IP/VPN business for 165 customers such as Bharti Cellular Ltd., Pan India Network Infravest Pvt Ltd, Bharti Tele-ventures Ltd., Inlott Technologies, HDFC Bank, Shalimar Paints Ltd., New Delhi Power Ltd, Kaycee, Abhipra Capital Ltd., Dodsai-Pizza Hut and others;
- We have in-house expertise in providing wireless connectivity with over seven years of experience;
- Our existing offices in 26 cities and towns across the country will in addition to their existing activities of providing technical support and marketing be used to provide technical support for our IP/VPN business.
- We possess in-house staff training facilities to educate and train wireless engineers;
- We have an experienced and technically qualified team;

Quantitative factors

a) Earnings per share (EPS)

Unconsolidated basis

Financial year	EPS (Rs.)	Weightage
31st March 2003	2.00	1
31st March, 2004	5.29	2
31st March, 2005	7.73	3
Weighted average EPS	5.96	

Consolidated basis

Financial year

	EPS (Rs.)	Weightage
31st March 2003	2.07	1
31st March, 2004	5.34	2
31st March, 2005	7.79	3
Weighted average EPS	6.02	

b) Price/Earning Ratio (P/E Ratio) in relation to Issue price of Rs.120/-

Unconsolidated basis

Based on 31st March, 2005 EPS	15.52
Based on weighted average EPS	20.13

Consolidated basis

Based on 31st March, 2005 EPS	15.40
Based on weighted average EPS	19.93

c) Return on Networth

Unconsolidated basis

Financial year	RONW %	Weightage
31st March 2003	29.92	1
31st March, 2004	35.52	2
31st March, 2005	29.90	3
Weighted average RONW	31.78	

Consolidated basis

Financial yearRONW %	Weightage	
31st March 2003	30.56	1
31st March, 2004	35.59	2
31st March, 2005	29.98	3
Weighted average RONW	31.95	

d) Minimum return on total net worth needed after the Issue to maintain EPS (as on March 31, 2005) at Rs.7.73 is 13.93%

e) Net Asset Value *

Unconsolidated basis

As at 31st March, 2005	38.78
As at 30th September 2005	26.46
After Issue at Issue Price of Rs.120/-	55.49
Consolidated basis	
As at 31st March, 2005	38.97
As at 30th September 2005	26.58
After Issue at Issue Price of Rs.120/-	55.57

f) The face value of the shares is Rs.10/- and the Issue price is 12 times of the face value at a price of Rs. 120/- per share.

Comparison of accounting ratios of the Company with industry average and accounting ratios of peer group for Financial Year 2005.

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

Company	Year/Period ended	EPS (Rs.)	P/E	BV (Rs.)
In IT Segment				
CMC Limited	March 31, 2005	14.10	420.20	115.90
GTL	March 31, 2005	12.90	13.90	186.60
HCL Infosystems Limited	March 31, 2005	6.60	32.30	25.80
Tulip IT Services Ltd	March 31, 2005	11.59	15.52	38.78
In Telecom Segment				
Bharti Televentures Limited	March 31, 2005	6.30	30.50	26.00
MTNL	March 31, 2005	14.70	9.90	173.70
VSNL	March 31, 2005	15.00	25.70	201.00
Tulip IT Services Ltd	March 31, 2005	11.59	15.52	38.78

(Source: Capital Market Vol. XX/21; dated December 19, 2005 - Jan 1, 2006)

The BRLMs believe that the Issue Price of Rs. 120/- is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page [ix] of this Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on consolidated financial statements on page no. 96 of this Prospectus to have a more informed view. The final price would be determined on the basis of the demand from the investors.

11. STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Auditor's Report

Statement of Possible Income-tax Benefits available to Tulip IT Services Ltd. ('the Company') and its Shareholders

We hereby report that the enclosed Annexure-I states the possible income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

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

For R Chadha & Associates

Chartered Accountants

Rakesh Chadha

Partner

Membership No.: 83135

New Delhi

Dtd. 22.06.2005

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**1. Benefits available to the Company under the Income-tax Act, 1961 ('Act')****1.1 Tax holiday under Section 10A of the Act**

As per the provisions of Section 10A of the Act, the Company is eligible to claim a deduction with respect to profits derived by its undertaking set up as a Software Technology Park ('STP') unit from the 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 begins to manufacture or produce such articles or things or computer software. The amount eligible for a deduction would be the profits and gains derived from the export of computer software. As per the provisions of the section, profits derived from the export of computer software means the amount which bears to the profits of the business of the undertaking, the same proportion as the export turnover bears to the total turnover of the business carried on by the undertaking. For this purpose, the term computer software includes call centre services, back office operation, data processing, pay roll, remote maintenance, revenue accounting, support centre, human resource services, insurance claim processing (as notified by the Central Board of Direct Taxes vide Notification number 11521 dated September 26, 2000).

However, for the Assessment Year 2003-2004, the tax holiday under Section 10A of the Act was limited to 90 percent of the eligible profits instead of 100 percent of such profits. As a consequence, 10 percent of the eligible profits of the undertaking would be taxable at the normal corporate tax rate of 36.75 percent (including surcharge of 5 percent) for Assessment Year 2003-04.

The benefit is available subject to fulfillment of conditions prescribed by this section and no benefit under this section shall be allowed with respect to any such undertaking for the assessment year beginning on the April 1, 2010 and subsequent years.

1.2 Deduction under Section 80 IA of the Act

As per the provisions of Section 80 IA (4)(ii) of the Act, any undertaking engaged in the business of -

- electronic data interchange service and has started the operations at any time on and after the 1st day of April 1995 but before the 31st March 2000; and
- broadband networks and internet services on or after 1st day of April 1995, but on or before 31st day of March 2005, can claim a deduction under this section to the extent of 100% of the profits and gains of such business for the first five years and 30% of the profits and gains of such business for the next five years.

The above benefit is available subject to fulfillment of conditions prescribed by the relevant section.

1.3 Deduction under section 80 IB of the Act.

As per the provisions of section 4 of section 80 I(B) of the Act, any industrial undertaking in the State of Jammu & Kashmir, if it begins to manufacture during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2005, can claim a deduction to the extent of 100% of the profit and gains of such business for the first five years and 30% of the profits and gains of such business for the next five years.

The above benefit is available subject to fulfillment of conditions prescribed by the section.

1.4 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, zero coupon bonds held for more than 12 months would be considered as “long term capital gains”.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.

1.4.1 Exemption of long term capital gains from income tax

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:
- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.
- As per provisions of Section 10(36) of the Act, long term capital gain arising from transfer of an ‘eligible equity share’ in a company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax.
- ‘Eligible equity share’ means:
- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on March 1, 2003 and the transactions of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or
- any equity share in a company allotted through a public issue on or after March 1, 2003 and listed on a recognized stock exchange in India before March 1, 2004 and the transaction of sale of such equity share is entered into on a recognized stock exchange in India.

The CBDT has clarified vide Circular number 7/2003 dated September 5, 2003, that ‘public issue’ for the purpose of this Section shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets.
- Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions -
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public.

1.5 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by a domestic company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of the Company, in its capacity as shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

1.6 Unabsorbed depreciation and business losses

As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72 (2) of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of the unabsorbed depreciation and business losses are subject to restrictions specified in section 10A, section 79 and section 80.

2. Benefits available to resident shareholders

2.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

2.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

2.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, zero coupon bonds held for more than 12 months would be considered as “long term capital gains”.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.

2.3.1 Exemption of long term capital gains from income tax

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if: -
- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.
- As per the provisions of section 10(36) of the Act, long term capital gain arising from transfer of an 'eligible equity share' in a company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax.

'Eligible equity share' means:

- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or o any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognized stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognized stock exchange in India.

The CBDT has clarified vide Circular number 7/2003 dated September 5, 2003, that 'public issue' for the purpose of this Section shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital" within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions
- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3. Benefits available to Non-Resident Indian shareholders

3.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

3.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

3.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) or zero coupon Bonds are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, held for more than 12 months would be considered as "long term capital gains".

Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange as per rule 115 and 115A. Benefits of Indexation of cost is not available in above case.

Gains arising on transfer of short term capital assets are normally chargeable at the tax rates as applicable to the status of the shareholder. However, as per section 111A, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter

3.3.1 Capital gains tax - Options available under the Act

(A) Where shares have been subscribed in convertible foreign exchange -

Option available under Chapter XII-A of the Act Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the

provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset or in any saving certificate as specified. If only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

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

(B) Where the shares have been subscribed in Indian Rupees:

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of Section 112(1)(c) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

3.3.2 Exemption of long term capital gains from income tax

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:
- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- Such transaction is chargeable to securities transaction tax under that Chapter.
- Long term capital gain arising from transfer of an 'eligible equity share' in a company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.

'Eligible equity share' means:

- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on March 1, 2003 and the transactions of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or
- any equity share in a company allotted through a public issue on or after March 1, 2003 and listed on a recognized stock exchange in India before March 1, 2004 and the transaction of sale of such equity share is entered into on a recognized stock exchange in India.

The CBDT has clarified vide Circular number 7/2003 dated September 5, 2003, that 'public issue' for the purpose of this Section shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the shareholder on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Shareholder transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital" within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions -
 - The issue is made by a public company formed and registered in India; and
 - The shares forming part of the issue are offered for subscription to the public.
- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3.4 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

4. Benefits available to other Non-Residents

4.1 Income of a minor exempt up to certain limit

Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs 1,500 per minor child.

4.2 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

4.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D)) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units, held for more than 12 months would be considered as "long term capital gains".

Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Where the shares of the Indian company had been purchased in Indian Rupees, Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of Section 112(1)(c) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess). If investment in equity made in foreign currency the benefit of indexation under section 48 is not available.

Gains arising on transfer of short term capital assets are normally chargeable at the tax rates as applicable to the status of the shareholder. However, as per section 111A, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.

4.4 Exemption of capital gains from income tax

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income
- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes in
- such transaction is chargeable to securities transaction tax under that Chapter
- As per the provisions of section 10(36) of the Act, long term capital gain arising from transfer of an 'eligible equity share' in a company, purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more, are exempt from tax.

'Eligible equity share' means:

- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on March 1, 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- any equity share in a company allotted through a public issue on or after March 1, 2003 and listed on a recognised stock exchange in India before March 1, 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The CBDT has clarified vide Circular number 7/2003 dated September 5, 2003, that 'public issue' shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or of the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the said long term capital assets.
- Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions -
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public.
- As per the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
- Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

4.5 Provisions of the Act vis-à-vis provisions of the treaty

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

5. Benefits available to Foreign Institutional Investors (“FIIs”)

5.1 Taxability of capital gains

- As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains in at the following rates:

Nature of income Rate

Long term capital gains 10 percent

Short term capital gains 30 percent / 10 percent (Reduced rate of 10% if transaction of sales is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and such transaction is chargeable to security transaction tax under that Chapter)

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to FIIs.

- As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

5.2 Exemption of capital gain from income tax

- As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:
- the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
- such transaction is chargeable to securities transaction tax under that Chapter.
- Long term capital gain arising from transfer of an ‘eligible equity share’ in a company, purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more, are exempt from tax under section 10(36) of the Act.

‘Eligible equity share’ means:

- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on March 1, 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- any equity share in a company allotted through a public issue on or after March 1, 2003 and listed on a recognised stock exchange in India before March 1, 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The CBDT has clarified vide Circular number 7/2003 dated September 5, 2003, that ‘public issue’ shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of 1 Reduced rate of 10 percent if the transaction of sale is entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force; and such transaction is chargeable to securities transaction tax under that Chapter capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or of the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of share capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions -
- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

6. Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as may be prescribed in this behalf.

7. Benefits available to Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies / Funds to its investors would be taxable in the hands of the recipients.

SECTION IV ABOUT TULIP IT SERVICES LIMITED

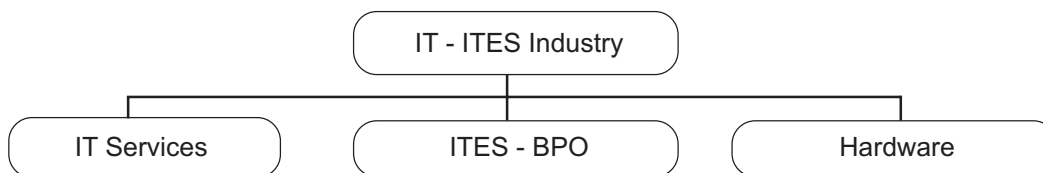
1. INDUSTRY OVERVIEW

A. INDIAN IT INDUSTRY

The recent Indian economic recovery has been supported by robust growth in the Information Technology (IT) industry. Evolving technological solutions as well as advances in existing technologies have led to increase in corporate productivity. Capital expenditure on IT and IT enabled services (ITeS) transforms into increased revenue for the IT industry. The Indian software services sector continues to shine on the back of accelerated volume growth as off-shoring continues to be the key business driver. The role of IT has evolved from simply supporting business enterprises to enabling them to meet their business objectives. To succeed in today's marketplace, companies must respond rapidly to market trends, create new business models and improve productivity. In order to improve their return on investments, IT departments of many companies have placed greater emphasis on lowering costs and improving performance by accessing the latest technology expertise and accelerating the delivery of new systems and solutions.

● **Market Size and Industry Structure**

The Indian IT industry continues to scale new heights and has posted double digit growth for the financial year 2005, as per the Nasscom strategic review 2005. The industry is expected to touch USD 28 billion in FY 05. The IT industry in India can be broadly defined into three major sectors - IT services, IT enabled services and hardware sectors. Network Integration spans across the IT Services and Hardware sectors.



NETWORK INTEGRATION

Network integrators play a critical role for companies seeking to expand to multiple locations and upgrade their network and IT infrastructure. Network integration does not merely consist of buying products and building a network, but on a larger perspective, includes network design and development as well as maintenance of complex networks. A network integrator is required to possess domain understanding of the customer's business segment with the ability to provide the right technology to customers. Generally the value-chain of network integration services includes consulting on design of the network; supply of hardware; project management; integration and implementation; and post implementation network management. A successful network integrator is one who has developed expertise across the entire value chain.

The network integration value chain consists of:

- Network design & consulting
- Product selection and supply
- Project management
- Integration and implementation
- Network management and maintenance

There has been a growing realization among enterprises to focus on their core business and outsource network management to network integrators - from both cost and quality of service perspectives. The rising complexity of technology has further increased an enterprise's dependency on integrators. With increased requirement for real-time data communication between multiple locations spanning a large geographical area, enterprises require more hand holding now than ever before, and this has moved the network integration market further towards managed services. Under managed services the network integrator assumes full responsibility for operating the network of the customer on an on-going basis. On an average, services (as part of a network integrator's revenue) have increased from 12% to around 25% and customers are getting more comfortable with remotely managed network operating centers.

- **Market size**

As per Voice & Data estimates, the market size for network integration has increased from Rs. 3,372 crores in FY 04 to Rs 4,164 crores in FY 05. The previous financial year witnessed a major shift towards services and many integrators added or expanded their services portfolio. Not only did they register double digit sales growth, but also moved away from pure product sales and built a strong offering of professional and managed services. Margins on equipment sales have stabilized and expanding networks are making deal sizes larger. The revenue growth has been supported by increased investment from enterprises in building new or ramping up their network infrastructure. The legacy circuit switch networks were being replaced by packet switched networks. In fact, a network integrator's ability to offer services emerged as a key differentiator in the market place.

- **Competition**

The network integration sector is fairly consolidated with the top ten players controlling 71% of the market share. Despite increasing competition the existing players have been able to differentiate their offering on the basis of domain expertise.

TOP TEN NETWORK INTEGRATORS FOR THE YEAR FY2004-05

RANK	NETWORK INTEGRATOR	TURNOVER FY2004-05	TURNOVER FY2003-04	MARKET SHARE FY2004-05
1	Wipro Infotech	4860	3230	11.70%
2	Datacraft	4660	3500	11.20%
3	HCL Comnet	3760	2540	9.00%
4	Tulip	3040	2760	7.30%
5	HCL Infosystems	2780	1680	6.70%
6	CMC	2500	2500	6.00%
7	GTL	2240	2340	5.40%
8	Network Solutions	2010	1790	4.80%
9	HECL	2000	1850	4.80%
10	3D Network	1850	1450	4.40%

Source: Voice & Data; Rs Millions

- **Industry Trends**

The top integrators have been making considerable efforts on the skill sets needed to handle complex and large projects. Market trends suggest that those with focus on niche technology domains like VSAT, contact center, wireless, and network security have an edge over their competitors. The biggest shift in the network integration market is driven by enterprises looking at maximum return on their investment and buying service level agreements rather than simply purchasing networking equipment. The low margin on product sales is perhaps the biggest factor that has encouraged large network integrators towards building a strong services portfolio. Even customers looking for large project implementation prefer integrators who provide them with end-to-end kind of expertise or total outsourcing.

Moreover, to augment their revenue base, integrators have added to their portfolio network maintenance and management services both onsite and from remote network operating center. As companies go out to network their front offices and dealer networks, the demand for single window dealing accompanied with a 24x7 support is on the rise.

- **Industry Growth Drivers**

The growth in the network integration business is driven primarily from four segments, viz., banking, finance & insurance companies, telecom service providers, BPO, manufacturing companies and government initiatives. With branch networking becoming imperative for all banks, the banking sector continues to be lucrative for network integrators. There are two growth drivers within the banking sector - implementation

of network plus core banking solutions, and enabling of multiple services (such as real time gross settlements) on the network besides the implementation of network and core banking solutions. Expansion of BPOs, as well as implementation of Enterprise Resource Management (ERP) systems by manufacturing and service companies are also a key driver of sectoral growth. Telecom companies are also a significant growth driver for the network integration sector. As telecom companies strive to offer bundled services to their clients, network integrations comprises a larger portion of the hardware requirements. Finally, e-governance initiatives and statewide Wide Area Networks (SWANs) coupled with projects such as regular updation of state government IT networks is also instrumental in the market's growth.

B. INDIAN TELECOM INDUSTRY

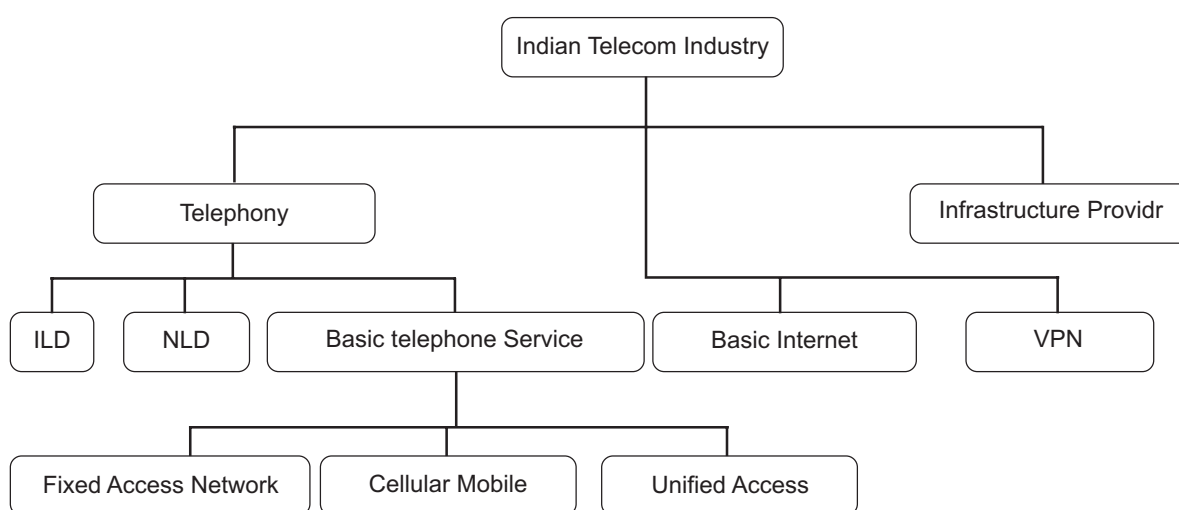
Till recently, in India and most parts of the world, telecom was a Government owned monopoly. India's telecommunications market began to be liberalised in 1992, when value-added services were opened to competition. Since then, additional markets have been liberalised and the sector is now fully-open to competition. Even though the state-owned domestic fixed-line carriers have managed to maintain their dominance of the sector, regulatory changes have marked the entry of many successful new players. It was the liberalisation of the cellular and basic fixed-line services markets that provided the crucible from which the new Indian telecommunications market has been forged. The liberalisation of the Internet access market has also provided much of the impetus for change in recent years.

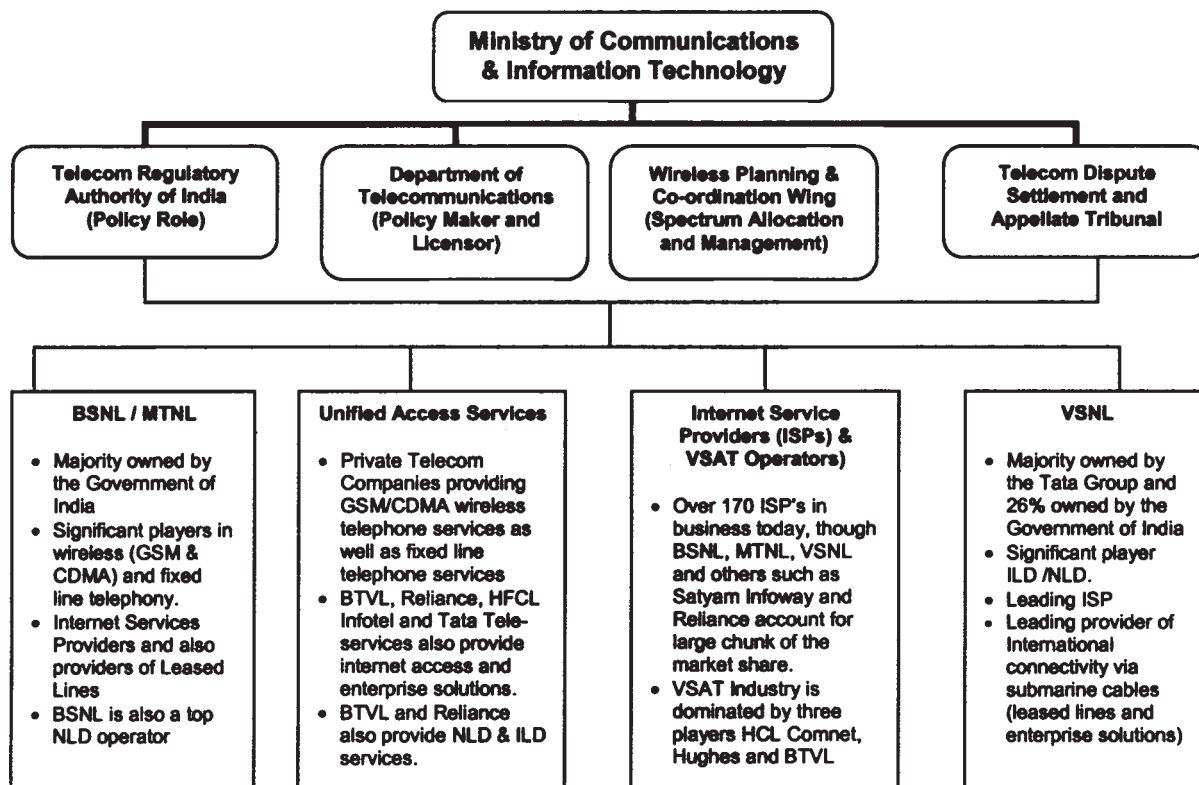
The telecommunication services sector operates in a licensed and regulated environment. The sector can be classified in terms of segments for which the government of India (GOI) issues licences:

- Access Operators: Offering Fixed line and Mobile Services
- National Long Distance Operators: Inter-linking the Access Operators
- International Long Distance Operators: Connecting the domestic operators (access and National Long Distance) with operators in other countries
- Other Value-added Services Providers: Internet Access Services, VSAT based services, Radio Paging services, Public Mobile Radio Trunking services, Global Mobile Personal Communications Services through Satellite

While the telecom market in India is regulated by the Telecom Regulatory Authority of India (TRAI), the GOI, through the Department of Telecom (DoT) is empowered to decide on the policies that govern the telecommunication services sector and issue licenses to private sector players.

The Operational and regulatory structure of telecommunications services industry in India is set forth below :





- **Prominence of Wireless Telecom Networks**

Indian Telecommunication scenario

Telecommunication is a key driver for the economic growth of a country and its people and a prime mover of the economy. Telecommunications helps in linking people together, developing businesses, facilitating trade and speeding up the process of overall development. India has been witnessing an exponential growth with regards to the telecommunication market, and the Telecom industry is in an era of deregulation and Unified Licensing where any operator can offer any technology - be it wireless or wireline. The \$13.5 bn Indian telecom market is estimated to grow at a CAGR of 18% up to 2010 with the wireless segment boosting growth.

Last Mile Access in the context of conventional telecom networks

While telecom networks have undergone a sea change over the last few decades, one part of the network that has changed little is the "last mile" or the copper wires connecting the local exchange and the subscriber's premises. These wires are extremely susceptible to natural as well as man-made hazards and their maintenance requires significant organization and specialized equipment. In addition, conventional 'wireline' networks cannot keep pace with the surge in demand by corporate customers. It takes too long and costs too much to extend the service, especially in remote and non-urban areas. Further, the need for rapid growth of teledensity in India has necessitated an alternative to the traditional way of connecting.

The Wireless Solution

Telecom providers are increasingly turning to a "wireless solution" to provide last mile access. Wireless plays a crucial role in realizing the dream of 'anytime-anywhere' communication brought about by the success of cellular radio. The advantages include faster deployment, reduced capital cost, lower operating cost, higher flexibility, suitability for difficult terrains, higher reliability and easy transition to mobile service - leading to improved customer satisfaction. Presently, the wireless market, including cellular phone services, accounts for 35% of the Indian telecom market. The wireless segment is expected to grow at a CAGR of 29% to occupy 55% of the telecom market by 2010. In the meantime, the share of wire line is expected to decrease from the present 51% to 26% by FY2010 with a CAGR of 3% only.

The table below also highlights the contribution of wireless networks in driving up the teledensity rates of India.

	31.3.2000 Actual	31.3.2001 Actual	31.3.2002 Actual	31.3.2003 Actual	31.3.2004 Actual	31.3.2005 Actual	31.3.2008 TRAI projections
No. of Land Lines	26.65	32.71	38.73	41.48	42.84	46.19	70.00
Growth		22.74%	18.40%	7.10%	3.28%	7.82%	51.55%
No. of Mobiles	1.88	3.58	6.54	13.00	33.70	53.37	180.00
Growth		90.43%	82.68%	98.78%	159.23%	58.37%	237.27%
Total Lines	28.53	36.29	45.27	54.48	76.54	99.56	250.00
Growth		27.20%	24.75%	20.34%	40.49%	30.08%	151.10%
Tele-Density	2.86	3.58	4.28	5.11	7.02	9.11	22.50
Growth		25.17%	19.55%	19.39%	37.38%	29.77%	146.98%
Mobile Growth							
GSM Connections	1.88	3.58	6.54	12.69	26.15	41.04	100.00
Growth		90.43%	82.68%	94.04%	106.07%	56.94%	143.66%
CDMA Connections				0.31	7.54	12.33	80.00
Growth					2332.26%	63.53%	548.82%

Source: TRAI Website - A Study Paper Published by TRAI in consultation with Operators

India en route to most modern telecom networks

Paradoxically, India's historically inadequate telecommunications infrastructure has today become an advantage. Many operators are constructing networks virtually from scratch, without the constraints of legacy networks. They are no longer bound by artificial distinctions of service-specific licenses. They are not burdened by the economic inefficiencies imposed by overbearing regulation. As a consequence, India is now deploying what is becoming one of the most modern telecommunications networks in the world.

● Internet Service Providers & the Broadband sector

Internet Service Providers

The state-owned Videsh Sanchar Nigam Limited (VSNL) launched Internet Services in India in August 1995. For the first four years, VSNL was the sole provider of Internet Services in the Country. In November 1998, the Government ended VSNL's monopoly and allowed provisioning of Internet Services by Private Operators. The Terms and Conditions of the ISP's License were unusually liberal with no License Fee and allowed unlimited number of players. ISPs could set their own tariffs and even their own International Gateways.

DoT issues three types of licenses - Category 'A' for all-India operations; Category 'B' for metros and state - level circles, and Category 'C' for medium and small cities (SDCAs). Presently there are 390 License holders, 64 in Category 'A' and 135 & 191 each in Category 'B' and 'C'. About 189 licensees have started their operations.

The Internet is certainly a major phenomenon in India today. Everywhere one looks, the signs of its arrival and adoption are visible. In fact it is being universally recognized that as the Internet proliferates, so will E-Commerce and E-Governance and E-Business.

The New Telecom Policy, 1999 (NTP '99) stipulates targets in terms of establishing Telecom Network with a view to achieve tele-density of 7 per 100 by the year 2005 and 15 per 100 by the year 2010. The NTP '99 also stipulates targets for providing Internet Access to all District Headquarters by the year 2002. In addition, the Government has initiated various pro-active measures in the proliferation of the Internet Services in the Country. Some of the important initiatives are:

- A token license fee of Rs. One per annum is payable w.e.f. 1st November 2003.
- There is no restriction on the number of Service Providers in all the three categories i.e. 'A', 'B', 'C'.
- ISPs have been permitted to provide last mile access using Radio and Fiber Optics.

- The Government has initiated an ambitious plan to developed National Internet Backbone (NIB) in the country.
- De-licensing of W-LAN in 2.4 Ghz band using IEEE 802.11b technology
- Reduction of Performance Bank Guarantee by 50% for Category A & B ISPs and 33% for Category C ISPs.

Broadband Policy 2004 (Extracts)

Recognising the potential of ubiquitous broadband service in growth of GDP and enhancement in quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment as well as employment generation by way of high speed access to information and web-based communication, the Gol has finalised a policy to accelerate the growth of broadband services in India. Through the Broadband Policy of 2004, the Gol estimates that India will have approximately 40 million internet users by the year 2010, of which 20 million will be broadband users. Further, the Policy defines broadband as an 'always-on' data connection that is able to support interactive services including Internet access and has the capability of the minimum download speed of 256 kilo bits per second (kbps). During the year ended March 31, 2005, the subscriber base of internet services in India increased from 4.5 million to 5.6 million, a growth of 25%, of which approximately half were broadband users.

The broadband market can be divided into following segments:

- Consumer market (house holds);
- Small to Medium Enterprises market (SME);
- Large enterprise market;
- Carrier market.

Enterprises, internet service providers and mobile network operators all look for cost effective ways to move voice and data amongst multiple, separate locations at broadband speeds. The demand for broadband in India is growing rapidly with rising e-commerce & internet transactions and an increasing need from companies to network their multiple locations. The key applications for the broadband are high volume data connectivity, internet access, video conferencing as well as burst data applications such as stock tickers and ATM transactions. In India, the key end users include banks and manufacturing companies that have large supply chain or distribution networks such as consumer goods companies, auto manufacturers, pharmaceutical companies and government agencies.

The broadband push in India has just begun with optical fibre technologies, Digital Subscriber Lines (DSL) on copper loop, cable TV network, satellite media and wireless options. There are more than 450,000 route kms. of optical fibre laid by BSNL / MTNL and more than 100,000 route kms laid by private operators. There are more than 40 million copper loops in the country available with BSNL and MTNL out of which 14 million loops are in rural areas. However, the copper cable network of incumbent operators is a combination of old and new cable and this makes provisioning of broadband on all the available copper loop technically unfit . Therefore, around 25-30% of the remaining 26 million loops, i.e. approximately 7 million loops can be leveraged for broadband service by BSNL and MTNL taking into account the condition / life of copper cable and demand potential. India has more homes with cable TV (nearly 48 million) than telephone and operators are looking to tap this segment through local cable TV operators who already have a direct access to a customer premise. The most commonly used broadband services today are through satellite media, and more specifically through Very Small Aperture Terminals (VSAT). While Direct-to-Home (DTH) services are also included under the ambit of satellite media, this particular sub-segment is yet to establish its foothold in the broadband market.

For providing broadband services copper and fiber optics solution often fall short due to up-front costs, recurring leases from telecommunications companies and lack of flexibility to scale with the operating organization. Further, laying last mile connectivity between the ISP's point of presence and customer's premise through optic fibre or copper cable is a cumbersome and expensive proposition. Cable infrastructure is too fragmented and upgrading networks to handle data and two-way traffic will likely require significant investments. Broadband wireless has emerged as a means to fill these gaps and provide a low cost transmission platform versus wired solutions, while maintaining or exceeding the reliability and performance of these technologies.

- **Terrestrial Wireless and Spectrum Allocation**

Recognising that terrestrial wireless is another upcoming technology platform for Broadband, the DOT has decided in principle to de-licence the 2.40-2.48 GHz band for low-power outdoor use on a non-protection,

non-interference and non-exclusive basis. Necessary notification shall be issued. Further, notification regarding delicensing the 2.40-2.4835 MHz band for low power indoor permitting use of all technologies, which inter-alia include those based on IEEE 802.11b and 802.11g standards, has been issued.

To accelerate the penetration of Broadband and Internet, the 5.15-5.35 GHz band shall be de-licensed for the indoor use of low power Wi-Fi systems. For outdoor use, the 5.25-5.35 GHz band shall be de-licensed in consultation with DoT and delicensing in the band 5.15-5.25 GHz would be considered after the process of vacation. Alternative spectrum bands which are not in high usage and could be deployed for Broadband services, shall also be explored and identified.

- **Spectrum Allocation in India as per Wireless Planning and Controlling Authority**

Frequency	Allocation	Remarks
2.4 GHz	License exempt upto 10 MHz	Extremely over subscribed in metros. Suitable for use in small towns and rural areas. Used for Wide Private Area Network. Throughput is 1 Mbps. Blue Tooth usage. Also used for Wide Local Area networks based on IEEE 802.11 standard referred to as Wi-Fi networks. Throughput is 11 Mbps.
2.5-2.7 GHz	MMDS and others	Limited availability. Used for Wide Metro Area Networks. LOS 70 Mbps over 50 kms. NLOS 2-3 kms as can be reflected.
3.3 GHz	MMDS	Used for Wide Metro Area Networks. LOS 70 Mbps over 50 kms. NLOS 2-3 kms as can be reflected.
3.5 GHz	Presently defence, to some extent for government agencies; possible for WiMAX	
5.7 GHz	Licensed Shared	
7.13 GHz	P 2 P radios	Planned to be used for inter-POP connectivity.
5.3 GHz	Announced as likely to be license free	Presently freed for indoor use.

Source: WPC

- **Future Technologies**

In the changing technology scenario, there is a possibility of new options being used for provisioning of Broadband services. These technologies can also be utilised for provisioning of such services within the licensing framework of the service provider and the spectrum management policy of DoT.

- **Broadband Wireless Access**

Worldwide, Broadband Wireless Access (BWA) has been gaining popularity as a most preferred solution for last mile access, video surveillance, and metropolitan area networks. Today the BWA market is shifting from initial small scale installations to large scale regional and national deployments as confidence in the technologies and ability to achieve business model accelerates. Further, the use of license exempt radio frequency in future is expected to enable service providers to provide competitive services. Some of the advantages of broadband wireless access are:

- Faster time to market and lower cost of ownership
- Flexibility in service delivery using shared or dedicated bandwidth
- Flexibility in providing the bandwidth actually needed by the customer (2KB to multiple GB) as opposed to limited solutions that traditional leased lines offer
- Scalability to handle rural and urban subscriber densities on the same infrastructure
- Meets or exceeds security, performance and reliability of leased line networks

In India BWA is yet to gain momentum, as the key option available to customers for broadband access has been DSL on copper. While the incumbent operators for fixed broadband have significant copper loops, - they fail to fulfill the need for higher bandwidth, faster roll out and access to remote areas. For the non-incumbent operators, the DSL option is very limited, as copper local loop is not available and is difficult, expensive and slow to build up. An ideal option for non-incumbents would be to rely on hybrid networks with BWA as the last mile access.

- **Global Technological Advances and Impact on Indian Industry**

WiMAX is a standards-based wireless technology that provides high-throughput broadband connections over long distances. An implementation of the IEEE 802.16 standard, WiMAX (short form for Worldwide Interoperability of Microwave Access) provides metropolitan area network (MAN) connectivity at speeds of up to 75 megabits per second (Mbps) per base station, with typical cell sizes of 2 to 10 kilometers. The IEEE 802.16 standard body members are working toward incremental evolution, from fixed operation to portability and mobility. The IEEE 802.16e amendment will amend the base specification to enable not just fixed, but also portable and mobile operation. IEEE 802.16f and IEEE 802.16g task groups are addressing the management interfaces for fixed and mobile operation. Clients will be able to hand-off between 802.16 base stations, enabling users to roam between service areas. In a fully mobile scenario users may be moving while simultaneously engaging in a broadband data access or multimedia streaming session. All of these improvements will help make WiMAX an even better Internet access solution for growing economies like that of India. The technology is expected to be launched in India by the end of 2006.

Virtual Private Network

The last few years have seen the rise in deployment of network architectures based on a variety of technologies, including combinations of Time-Division Multiplexing (TDM) leased lines, Frame Relay, Asynchronous Transfer Mode (ATM), Internet Protocol (IP) and more recently Multi Protocol Label Switching (MPLS). The development of new techniques for delivering Virtual Private Network (VPN) services over public networks continues to be one of the most active areas of innovation in telecommunications. The innovation has been driven by the motive to cut cost and complexity of the heritage architecture, which has been hindering companies to extend their network.

TRAI defines a Virtual Private Network (VPN) as a private data network that makes use of the public telecommunication infrastructure, maintaining privacy through the use of tunneling protocol and security procedures. The main purpose of a VPN is to provide customers virtually similar capabilities as private leased lines at much lower cost by using the shared public infrastructure.. In other words, a Virtual Private Network will allow users at remote locations to access a secured private network virtually from any location without installing expensive leased or private lines. Earlier, users at remote locations were not able to access the secure networks using shared Internet connections owing to security concerns.

- **Types of VPNs**

Layer 1 VPN service: In a layer 1 VPN service the customer edge device is connected to the network provider via one or more links, where each link may consist of one or more channels or sub-channels (e.g. wavelength, or wavelength and timeslot respectively or just timeslot). The customer edge device and the provider edge device are peered to each other only at the physical link layer across the access network. A link has two end-points: a) one on the customer edge (CE) device, known as the port; b) one on the provider edge device, known as the provider edge (PE) port. The scope of a layer 1 service is related to port-based VPNs only.

Layer 2 VPN service: In a layer 2 VPN service, customer edge device receives data link layer (i.e. layer 2) service from the network provider. The customer edge device and the provider edge device are peered to each other at the data link layer across the access network. The network performs forwarding of user data packets based on information in the packets' data link layer headers, such as frame relay DLCI, ATM VCC, or 802.1q VLAN tag.

Layer 3 VPN service: In a layer 3 VPN service, customer edge device receives network layer service (typically in the form of IP packets) from the network provider. The customer edge device and the provider edge device are peered to each other at the network layer across the access network. The network performs forwarding of user data packets based on information in the IP layer header, such as an IPv4 or IPv6 destination address. The customer sees the network as a layer 3 device such as an IPv4 or IPv6 router.

- **TRAI: Recommendations on Entry Fee and License Fee for ISP License with VPN**

According to the TRAI, both Layer-2 VPN and Layer-3 VPN services are different and Layer-3 VPN is an integral part of Internet access and have to be regulated very lightly with an overall objective of keeping the cost to consumer low. Therefore, the following fees for ISP with VPN licences have been recommended:

Entry Fee

For Layer-2 VPN service	Rs. 30 lacs
For Layer-3 VPN service	Nil
Annual Licence Fee	
For Layer-2 and Layer-3 VPN services	Nil

- **Market Size**

Some of the typical solutions required by different market segments are as under:

- Point to point connectivity between two offices or locations;
- Multi hop point to point connectivity to create a linear or backbone network;
- Connecting multiple offices in a given geographic area;
- Wide area networking over multiple cities;
- Enterprise wide virtual private network (VPN) connectivity across the country;

Presently, VPN customers are mainly Business Process Outsourcing (BPO) units, multinational companies, and Indian corporates that have offices spread over geographic regions (within the country and worldwide). While ISPs have been providing Internet based IP-VPN, incumbent carriers have been marketing Frame Relay and MPLS based VPN as well as point-to-point leased lines.

According to an analysis of IP VPN services by IDC, the Indian market was around Rs 230 crore in 2003 and is expected to reach Rs. 500 crore by 2005 and Rs.1,100 crore by 2008.

Year	2003	2004	2005	2006	2007	2008
Revenue	230.3	362.4	536.4	695.1	890.5	1141.2

Figures in Rs crore. Source IDC

A similar analysis carried out by Frost & Sullivan shows almost similar revenue projections.

Year	Revenues	Revenue Growth
2003	226.8	—
2004	281.7	24.1
2005	387.9	37.6
2006	508.5	31.5
2007	672.3	32.0
2008	894.6	33.1
2009	1198.35	33.9

Figures in Rs crore, Source Frost & Sullivan

In comparison the point-to-point leased line market was of the order of Rs. 577 crore in FY 03 and is expected to reach Rs. 1,400 crore by FY 07, as per information provided by service providers.

Fiscal Year	Actual Revenue		Projected Revenue		
	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue	577	783.52	901.05	1081.26	1405.63

Figures in Rs crore, Source: Operator Data

2. BUSINESS OVERVIEW

We are an IT infrastructure and connectivity provider. We provide network integration services, rural /state wide networks and inter-city and intra-city Wireless based IP/VPN connectivity,. We started our operations in 1992 as a reseller of software and hardware products and provider of maintenance contracts for networks. Subsequently, we migrated into network integration, where, as a comprehensive network integrator, we design and develop networks for our clients, provide networking equipment from other vendors, manage the integration and implementation of these projects, and provide network management and maintenance services. Our strategy has been focused on identifying and entering into higher margin areas allied or adjacent to our existing businesses. To complement our existing business as a network integrator, and to pursue the potential in the VPN and broadband markets, we recently diversified into providing Wireless based IP/VPN based connectivity solutions. While our competitors have traditionally provided connectivity solutions based on leased lines and VSATs, we built expertise in providing wireless based connectivity. Our growth strategy is focused on providing nationwide connectivity services through a hybrid of leased lines and wireless based last mile access.

Business model

We have a hybrid business model, with two principal lines of business :

- Network integration and management services
- Wireless based IP/VPN connectivity

The addition of our Wireless based IP/VPN network allows us to further consolidate our strength as network integrator through providing total network solutions - from the design and development stage, to remotely managing the network and providing nationwide connectivity through our IP VPN wireless access business. Further, our new business also allows us to participate in the growing VPN market for corporates with existing networks, as we believe our connectivity solution provides higher uptime at a lower cost as compared to other alternatives.

Product Portfolio

Our product portfolio includes

- **Network integration**

As part of our network integration services, we design and develop networks for our clients. Further, we assist our clients by identifying and providing equipment for their networks, integrating and implementing their network rollouts, and providing post-implementation network management and maintenance services. We have also started providing remote management services through our network operation centres, thereby providing significant cost and space savings to our clients.

- **Wireless:** We provide wide range of point to point and point to multi-point wireless applications, including products for backhaul from 4E1 to 1 GB and access products at 4MBPS.
- **Networking:** We have established strong presence in networking and over the years have developed expertise in designing and implementing local and wide area networks. Currently we have over 75 certified Cisco engineers and are also a premier select partner for Cisco.
- **Services:** We provide facility management, network management and security services to leading Indian corporates. With a countrywide presence in 26 cities, we are able to provide a single window for countrywide support.
- **Rural Connect:** Rural Connect is our offering targeted at state Governments and agencies to provide internet connectivity in rural areas on a revenue sharing basis.

- **Wireless based IP/VPN connectivity**

- **Tulip Connect:** We are in the process of rolling out IP/VPN services in 130 cities to provide connectivity solutions to corporate for providing connectivity to their branches, service centers and dealers/ stockists /C&F agents. We intend to use a hybrid technology wherein we would rely on multiple service providers for inter city bandwidth and wireless access for last mile. We plan to offer bandwidth from 2 KBPS to multi GBPS with high levels of uptime.

COMPETITIVE STRENGTHS

High Uptime: VPN service providers normally provide last mile connectivity on leased lines on copper loops, reducing the overall uptime. In case they need to provide wireless connectivity, they do so in shared frequency bands, which are susceptible to interference from other wireless equipment sharing the same frequency. We provide last mile connectivity in licensed bands in major cities, as a result of which there is no interference whatsoever, resulting in high uptimes.

One stop shop for Network Integration and Bandwidth. With the benefit of providing nationwide connectivity for our clients, we are now a one stop shop for our customers total networking requirements.

Customer Support: Besides support at 130 cities, our centralised NOC proactively manages every link. In case of a fault, we are able to inform our customers and start taking remedial action even before they are aware of a fault. In addition, we have a 24x7 call centre with a centralized toll free number.

Experienced management team: Our management team has over a decade of expertise in network management services.

Network rollout time: We are able to roll-out our network in a very short time frame. If the area where connectivity is required is already connected on the network then it takes up to two days to connect any new site. In case of uncovered areas, connectivity can be provided within six weeks.

State of the art data centre: We are in the process of building a state of art data centre to centrally manage the network and also to host the customer's servers and network equipment. This not only saves the customers expensive bandwidth and technician costs but also permits appropriate network management.

Value added services: In addition to data services, we also provide voice and video services so that our clients can transparently run voice in a closed user group using low cost Voice over IP boxes / IP telephones at no additional running cost to them. Customers do not need to buy individual software or hardware for management of these value added services. At select locations, we can provide customers video conferencing to be conducted for pre-defined periods of time.

Bandwidth on demand: With our last mile wireless access, we have the flexibility to offer low bandwidths of 2KBPS ranging to 1GBPS, as per client requirements. The ability to offer low bandwidths is extremely useful for clients who want to connect dealers, C&F agents, ATMs, point of sale terminals and other small offices with just one to four users.

SERVICES

Network Integration

Presently we derive a majority of our revenue from our network integration business. As a network integrator our services include: design and development of network as per client requirements; supply of networking equipment; installation of equipment; and network management services. Equipment required for executing our orders can be broadly divided in to two parts:

- Networking Equipments, i.e. Routers, Switches, etc.
- Connectivity Equipments, i.e. various types of modems, VSATs Radio/Wireless equipment.

Our success in network integration can be subscribed to our philosophy of doing things differently. While the major network integrators usually restrict their connectivity options to leased lines and VSAT based networks, we realized the potential of wireless as a connectivity medium and developed leadership in providing wireless connectivity. We were among the pioneers to implement wireless based connectivity on a large scale. We have successfully implemented major wireless networks for organizations like Bank of Punjab, ABN Amro Bank, HDFC Bank, Bank of India, Indian Overseas Bank and other companies.

We have successfully installed large scale projects across the country. Following are a few of the deployments with their unique features and benefits :

S. No	Corporate Client	Project	Size	Benefits
1	Bank of Punjab	Country-wide connectivity for banking and ATM	Rs.500 mn	The only bank to have steady connectivity even in the remotest towns of Punjab
2	Punjab National	Connectivity for 500 branches	Rs.500 mn	Within a period of one year, this became the largest implementation of a core banking solution
3	HDFC Bank	Country-wide connectivity to select branches	Rs.300 mn	The bank is able to get fool proof connectivity to its branches achieving very high uptimes
5	Bharti Tele-Ventures	Country-wide Connectivity to its dealers	Recurring Business	Continuous and optimal connectivity

We are today the fourth largest network integrator (source: Voice & Data) in the country. Our strength in network integration is based on our employees - of 690 employees, we have 281 engineers competent in radio connectivity, network operating systems, LAN and telecom with prior experience in servicing clients in various industry segments. Our nationwide footprint of 26 support offices helps ensure timely support for our clients and an uptime greater than 99% against Service Level Agreements (SLA).

Wireless based IP/VPN Connectivity

We have recently launched our Internet Protocol based Virtual Private Network wireless connectivity business. We provide inter-city and intra-city data connectivity specifically to corporate clients based on a hybrid strategy. Inter-city connectivity is provided through leased lines and fibre optic cables from multiple service providers. Intra-city connectivity is provided wirelessly through our own network.

Layer 2 and Layer 3 VPN capability

Tulip Connect will support both Layer 3 and Layer 2 tunneling methods such as IPsec and MPLS. IPsec tunnels are customer premise equipment (CPE) based, and the tunnels originate and terminate at customer sites. MPLS is a network based tunneling method that labels, categorizes and monitors each packet as it traverses the network. Because MPLS is an overlay protocol it can operate on top of the IP protocol in the same network without interference. MPLS will not replace IP in Tulip Connect's network - rather it will be enabled as a complementary service.

Service Features

Some of the distinguishing features of our offerings are described below:

- **Coverage:** Tulip Connect will provide a reliable, low-cost infrastructure for connecting corporate network through end to end wireless connectivity in over 130 cities across the country.
- **Interoperability :** Tulip Connect can be used to supplement an existing remote access solution, or can provide a complete replacement for a company's existing remote access infrastructure. It is designed with completely open system architecture and is interoperable with all-common firewall and VPN solutions to ensure end-to-end data integrity and security.
- **Bandwidth on demand.** The wireless equipment supports bandwidth on demand. Therefore the bandwidth can be changed and upgraded as per the customer's requirement. Our NOC will keep the customer apprised about the bandwidth actually being used by the customer so as to ensure optimum utilisation of the network.
- **Connect anywhere.** With the network across multiple cities, we can provide connectivity to large number of cities in a very short notice.

- **Security:** Tulip Connect provides comprehensive access control through compatibility with industry-standard access control solutions such as IP Sec and Triple DES encryption
- **Ease of Installation and Use:** Tulip Connect can be installed in just a few hours. Once the equipment are set up and tested, virtually no maintenance is required. In addition, end-user deployment is simple.
- **Support for our Network Services:** We have a 24x7-support helpdesk at Mumbai, which can be reached by telephone, mail, and fax or on Internet chat. The central helpdesk monitors customer networks round- the-clock and opens a trouble ticket on the system on detection of any failure. They also follow-up for corrective action and keep customers informed of the failure. All our Network Operation Centers (NOC) are manned 24x7 by experienced staff and can be reached locally for support.
- **Troubleshoot management:** The Centralised NOC can troubleshoot any radio from the NOC.

A. BUSINESS STRATEGY

Country-wide wireless network providing last mile connectivity based on wireless technology

We are installing a Wireless based IP/VPN Wide Area Network (WWAN) on a countrywide-basis. Our wireless network is economical, extremely reliable, quick and easy to roll out. The network is based on Wireless IP in Local Loop (WIPLL), and overcomes the problems of towers by providing connectivity using Non/Near Line of Sight Radios that can use radio affixed on walls or poles.

Low cost connectivity

The cost of this connectivity is not only low but intra-city and inter-city connectivity can be rolled out with near zero-install and different locations in numerous different cities can be connected very rapidly.

Proposed Urban Connectivity for providing Internet Protocol based Virtual Private Network

"Tulip Connect", our brand offering for corporate clients provides IP/VPNs wireless based connectivity through a network that is more secure, scalable and flexible, and faster to deploy compared to legacy networks.

Proposed Rural connectivity where State Wide Area Networks would trigger private sector growth

Rural Connect, our rural brand offering endeavours to bridge the digital divide in India by providing instant connectivity to remote rural areas under a unique concept named "Gyanbhandar". Gyanbhandars are State Wide Area Networks (SWANs) where financial institutions, FMCG companies and we would come together to automate all trading processes in villages. This would promote private sector growth by providing connectivity to Banks and Corporates to develop business in rural areas. The SWANs would also be connected to national network and would enable all the treasuries / revenue collection agencies to be online for voice, data and video.

Target Market

Our target customer segments are:

- Banks for Branch/ATM connectivity
- Corporates for connectivity to branches, C&F agents
- Service Providers for access to their customers
- Government agencies for inter-city and intra-city connectivity
- Lottery operators
- Stock Brokers
- News/data transmitters
- Media for high bandwidth roaming coverage
- Airlines/Travel agents

At present, connectivity solutions available to connect various cities are primarily based on leased lines (both fibre and copper) and VSAT. Both these modes however have major shortcomings in terms of

uptime and flexibility of bandwidth size. VSATs have limited bandwidth capability, high latency and are costly. Lease lines have higher downtime as compared to wireless solutions. Today multiple major organizations like BSNL, MTNL, Reliance, Bharti, VSNL, Powergrid, GAIL and Railtel have fibre running across the country. However, the lack of availability of copper on the other hand makes it difficult to take the data forward to the users, specially if user locations are more than 5 kms from the closest telephone exchange. This shortcoming is overcome by use of wireless for the last mile.

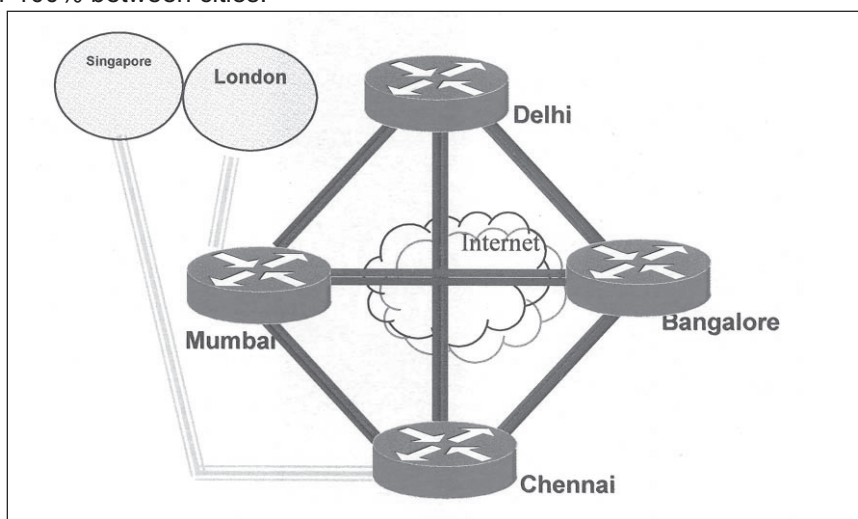
Our Vendor Relationships

We have various international alliances for laying out our country-wide Wireless based IP/VPN network. Following is the list of the key strategic relations of the Company along with the nature of the alliance:

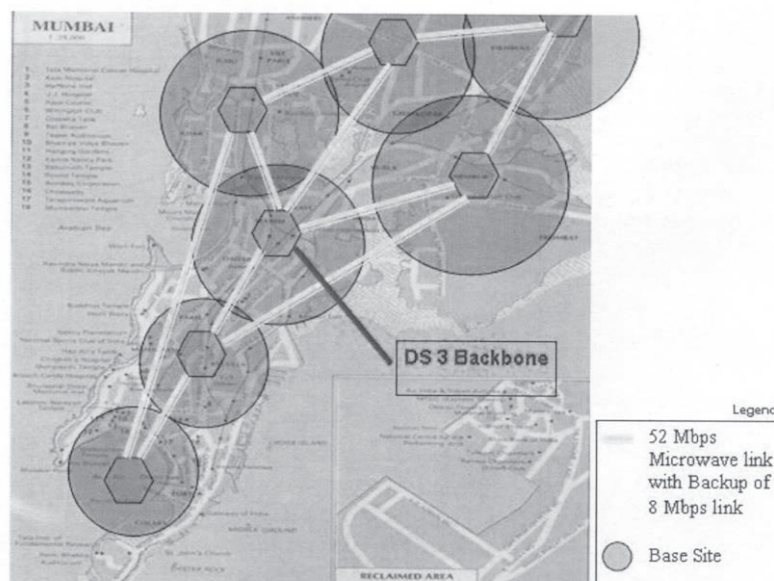
No.	Company	Specialty	Nature of Alliance
1	Airspan Networks	Broadband Wireless Access	WipLL for MMDS Radios
2	Wi-Lan	WiMAX Compliant Products	Multi Hop Vine Technology Radios
3	YDI Wireless	Broadband Wireless Internet and LAN Products	Telco grade 802.11 compliant Wi-Fi and SCADA radios
4	Aventry	High capacity SDH/PDH Radios	SDH/PDH Back bone Radios
5	Radwin	Point to Point radios	Supply of backbone radios
6	Infinet Wireless	Point to Point and Point to Multipoint radios	Supply of backbone radios

B. OUR NETWORK

Inter city connectivity: We have leased bandwidth from multiple inter-city service providers utilizing their fibre cables. Our network is structured in mesh architecture so that if any link does fail, there are multiple alternate routes available and the network automatically chooses the most optimum route. This ensures an uptime of near 100% between cities.



Intra city connectivity: Within cities, we have created a cellular network using non-line of sight (NLOS) and line of sight (LOS) radios. Non line of sight radios use the property of reflection of radio waves against buildings and therefore do not require to be installed on high towers. Radios affixed on building walls or on a pole up to three meters high can connect to the nearest base station. For example, an area like the NCR of Delhi or Mumbai city and its nearby suburbs would have nearly 60 base stations, Each subscriber radio has a range of 2 to 4 km, therefore ensuring that all subscriber radios will be connected to a base station. Each base station has a shared bandwidth capacity of 4 MBPS, and bandwidth is allocated per the individual requirement of each subscriber.



Our network will be built around a high capacity router with data capacity in terabytes and with each node in the network capable of routing more than 30 million packets per second. We will have a fully meshed network across multiple locations with a hub and spoke design. There will be 12-hubs locations i.e. Ahmedabad, Bangalore, Kolkata, Chennai, Chandigarh, Bhopal, Guwahati, Delhi, Hyderabad, Mumbai and Pune and 118 spoke cities. Most of the spoke cities will be connected to more than one Tulip POP thereby creating a triangulated mesh network.

A typical intra-city network would include a number of base stations that are installed on top of buildings. Each base station would be capable of distributing four MB of bandwidth to upto 126 subscribers or remotes. Even by pure mathematical distribution, it would be possible to give 31K to each subscriber, provided everyone is drawing at the same time. However, everybody does not use band width at the same time. Therefore, it would normally be possible to give bandwidth between 1 MBPS to 16K to different users as per their requirement.

We will have a distributed network topology with a fully redundant network core with adequate flap paths. Out of the 12 hub locations, 6 locations will have dual NOC i.e. Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad and Mumbai. We will have a fully enabled MPLS core with high capacity links in the core backbone. The core network will be built on high capacity router. We will deploy these routers in the following key hub locations:

- Mumbai (main NOC)
- Delhi (back-up NOC)
- Chennai (regional NOC)
- Bangalore (regional NOC)
- Hyderabad (regional NOC)
- Chandigarh (regional NOC)
- Pune (regional NOC)
- Kolkatta (regional NOC)
- Bhopal (regional NOC)
- Ahmedabad (regional NOC)
- Lucknow (regional NOC)
- Guwahati (regional NOC)

Such capabilities will provide our customers with the necessary bandwidth scalability as their bandwidth requirements grow.

Our Points of Presence

We will have presence in 130 cities across the country. Below is the list of our planned points of presence. These proposed locations may change based on customer requirements.

Category A
Delhi, Mumbai
Category B
Ahmedabad, Bangalore, Calcutta, Chennai, Hyderabad, Lucknow
Category C
Allahabad, Baroda, Bhopal, Bhubaneshwar, Chandigarh, Cochin, Dehradun, Erode, Indore, Jaipur, Jammu, Kollam, Ludhiana, Meerut, Nagpur, Patiala, Patna, Payooli, Pondicherry, Pune, Raipur, Rajkot, Saharanpur, Shimla, Siliguri, Silvassa, Surat, Ujjain, Yamuna Nagar
Category D
Abohar, Akola, Amroha, Anand, Ankleshwar, Aurangabad, Balasore, Bilaspur, Calicut, Chomu, Faridabad, Firojabad, Gandhidham, Gurgaon, Guwahati, Gwalior, Itarsi, Jalana, Jalandher, Jamshedpur, Kandla, Karur, Kottayam, Moradabad, Nasik, Noida, Pathankot, Phagwara, Sirsa, Sitarganj, Solan, Sonipat, Surat, Surendranagar, Vijaywada, Zirakpur
Category E
Bulandshahar, Lalru, Gurdaspur, Mehsana, Panipat, Bawal, Ratlam, Samalkot, Bhiwadi, Neemrana, Amritsar, Faridkot, Parwanoo, Agra, Baddi, Nalagarh, Kolhapur, Palakkad, Bijnore, Sahibabad, Mathura, Vizag, Valsad, Daman, Nagpur, Manesar, Boiser, Bokaro, Barreily, Kannur, Banga, Bari Brahmana, Vapi, Bhilai, Kalka, Batala, Jhansi, Mawana, Roorkee, Firojpur, Nawashahar, Mansa, Moga, Gorakhpur, Bhusawal, Rohtak, Sambha, Sholapur, Coimbatore, Rewari, Gaziabad, Kasargode, Bhilad, Nadiad, Aligarh, Satara, Ahmednagar

Network Security

Our network solution for customer will have adequate safeguards to ensure that non-authorized access, tapping and sniffing of data on the WAN is not possible. We will have the following provisions related to security on our network:

Physical Security: We will implement stringent measures to restrict unauthorized entry to our POPs. All the employees will be given proximity cards, so only authentic users, can enter the NOCs. Some of the major NOC's also will have CCTV Surveillance. All camera views will be recorded 24 hours/day. There will be a password policy in place.

Network Security: The security features of the Tulip Connect network are:

- CUG network: This network will be completely managed by us and totally insulated from the Internet by the means of firewalls implemented at all our key locations. Access to this network is managed by the policies implemented by us at the firewalls and access will be given to only the closed user group within this network.
- Separate Address Space: The address space on the Tulip IP/VPN network will be separate from the Internet address space ensuring a logical separation between the public network and the Tulip Connect network.
- Regular audit, security checks and upgrades: Regular security audits, port scans, vulnerability assessment, penetration and hacking tests will be carried out on this network to keep the network secure against the latest threats and vulnerabilities.
- Ingress and outgress filtering will be done at edge components to filter viruses, prevent DOS and DDOS attacks and prevent all other kinds of known vulnerabilities.

Customer Call Handling Process

In addition to our remote management of our network, whereby we will be able to monitor and respond to problems even before the customer is aware of the same, we also have a robust customer call handling process, based on the Computer Associate Unicentre software.

We have an aggressive and proactive problem response timeframe. Examples of some of our SLA response times are provided in the table below:

Customer Location	Service-level Agreement	Criticality		
		Priority 1	Priority 2	Priority 3
Bangalore	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Bangalore	
Calcutta	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Calcutta	
Chennai	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Chennai	
Delhi	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Delhi	
Hyderabad	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support Time		Hyderabad	
Mumbai	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Mumbai	
Pune	Service hours	24x7	24x7	24x7
	Response Time	2 hours	4 hours	NBD
	Support location		Pune	
Ahmedabad	Service hours	24x7	24x7	24x7
	Response Time	5 hours	10 hours	NBD
	Support location		Ahmedabad	
Other locations	Service hours			
	Response Time	NBD	NBD	NBD
	Support location			

Notes: -

1.	Resolution Time: The resolution time will be on best effort basis. We will put the best efforts to resolve the problem or to provide alternative arrangement	
2.	Priority	
	Priority 1:	The whole network is down affecting all users.
	Priority 2:	A part of the network is having problem.
	Priority 3:	The problem will have less impact on the day-to-day work and can be scheduled for a manually agreed timeframe.
3	Response Time	
	NBD - Next Business day	
	SBD - Second Business day	
4.	For Priority 1 problems, we will make a best effort to have a telephonic response time within 30 minuets.	

Network Availability

The target availability objective for the IP connections in to Tulip's IP network in the country is more than 99.5% (excluding unavailability due to scheduled maintenance). The availability figure applies to TULIP-controlled routers and IP backbone facilities and also to customer access circuits.

Availability of subscribed bandwidth

Our network is engineered to provide our customers with the bandwidth they have subscribe for. Whenever our backbone links reach a 70% utilization threshold, they are upgraded/augmented with additional backbone links. Our above-mentioned targets for packet loss and latency translate to our assurance that WAN bandwidth on our backbone will be available to customer as subscribed.

Ensuring that service levels are met:

The efficient performance of the network translate into meeting the business requirements of the customers. We collect and present reports ensuring that our customers can objectively measure the performance of their services.

Last mile commitments

We will provide last mile commitments of 99.5% for locations connecting on wireless.

Network Management and Monitoring

We will have a 24x7 support central helpdesk at Bombay, which will monitor our network round-the-clock and open a trouble ticket on our trouble management system on detection of any failure. This helpdesk will also follow-up for corrective action and keep the customer informed of progress in resolving the failure. This service will be event based. This service is 'part of our standard service offering and is provided at no additional charge.

Other Support Services

We also offer poll based network management and monitoring services to our customers for remote management. The remote monitoring of the network would be done by a highly trained, experienced team based out of our offices in Mumbai and Delhi. The following services can be provided as an option to customer at an additional charge. Customers can opt for these services based on number of devices and links monitored:

- Downtime/Uptime analysis
- Application utilization
- Trend analysis
- Router utilization and threshold monitoring

Strategic Relationships

Besides our expertise in designing networks, we also provide equipment for use in such networks at a competitive price to our clients. Over the years we have forged alliances with key networking equipment suppliers:

- **Networking Equipment**

Premier Select Certified Partner of Cisco

Cisco Systems, Inc. is the worldwide leader in networking for the Internet. Today, networks are an essential part of business, education, government and home communications, and Cisco Internet Protocol-based (IP) networking solutions are the foundation of these networks. Cisco hardware, software, and service offerings are used to create Internet solutions that allow individuals, companies, and countries to increase productivity, improve customer satisfaction and strengthen competitive advantage.

- **Wireless Equipment**

In view of expected increase in the demand for wireless products in the country, we have established alliances with leading wireless companies like:

Airspan for MMDS radios: Airspan Networks Inc. is a US based leading provider of fixed wireless DSL equipment that is commercially deployed by public operators, ISP's and private enterprises around the globe. These systems significantly reduce the time-to-market offering of Internet and carrier grade voice

services for subscribers requiring broadband solutions. Airspan Networks know-how spans from consultancy and business planning to network installation, project management, training and support services, providing a complete end-to-end solution for its customers. Airspan Networks' products are optimised for cities, towns and remote deployments providing increased capacity and higher efficiency over other solutions. The network infrastructure is fast to deploy and scalable according to demand. Subscriber terminals are easy to install with simple plug-in units.

Wi-Lan of Canada for multi hop Vine technology radios: Wi-LAN is a global provider of broadband wireless communications products and technologies. Wi-LAN is a leading innovator in the field of high-speed wireless communications products, offering their clients a unique, cost-effective wireless solution to their global data communications challenges. They are dedicated to advancing and adding to their two patented wireless technologies, Wide-band Orthogonal Frequency Division Multiplexing (W-OFDM) and Multi-Code Direct Sequence Spread Spectrum (MC-DSSS). These patented technologies are at the foundation of proposed international standards, and the technology that they protect is at the heart of company's wireless products. They specialize in solutions for secure wireless provision of high-speed data and telephone over distance for enterprises and telecom service providers.

YDI of USA for value added 802.11b/g compliant Wi-Fi and SCADA radios: YDI Wireless, Inc. is a leading world supplier of high-speed license-free wireless data communication systems and offers some of the most technically advanced wireless data communication equipment available. YDI has built its reputation on 2.4 GHz and 5.8 GHz extended range solutions. For outdoor wireless data solutions, YDI provides with state-of-the-art equipment. Years of experience in wireless data makes YDI an industry leader in providing license-free wireless Internet equipment. It has a complete line of radios, Wireless LAN devices, amplifiers, cables and antennas. Its series of bi-directional 2.4 GHz amplifiers is considered by many to be the industry standard for license-free wireless data amplification. YDI currently manufactures and supplies equipment to thousands of Wireless ISPs and businesses worldwide.

Aventry of Israel for PDH radios: Aventry aims to be the worldwide leader of broadband wireless networking solutions for the telecom, datacom (IP-based) and internet access markets. Aventry was founded with the goal of bringing breakthrough technological digital wireless solutions with optimum cost performance ratio.

C. TECHNOLOGY

In the fast developing and changing industry, the selection of technology becomes critical to our success. The latest technological developments in the telecom industry and specific to our business are summarized below:

- Technologies for backbone requirements including fiber, microwave etc are in a stage of stagnation;
- Prime market demand is for cost effective voice and data equipment to meet access requirements of fixed and mobile end users;
- GSM and CDMA have proven themselves as the two prime technologies for addressing needs of mobile voice connectivity;
- 802.11b/g has proven itself as the prime technology for addressing needs of mobile data connectivity within buildings;
- Network speeds required by emerging applications are increasing every day. Speeds available on 802.11b/g networks will always leap frog ahead of speeds possible on GSM and CDMA networks;
- Promises of 2.5 and 3 G are lagging behind and these technologies may not see large deployments and usage. There are also concerns about the high cost of this technology;
- Voice over IP has matured to service grade levels and this is likely to further relegate the importance of circuit switched voice networks;
- IP based wireless local loop (WLL) systems are fast gaining popularity
- IP backbones can deliver more at lesser cost and may soon replace conventional PDH and STM backbone radio systems;

- Speed and latency requirements have limited VSAT's application;
- Demand of private owned networks is going down because service providers are able to fulfill corporate requirements at much lower costs.

Wireless technology

Radios

We utilize two types of radios - point to point (P2P) and point to multi point (PMP). The difference between the two is that P2P radios are used to connect two locations to each other. For each link therefore, two radios are required. Each of these links would use different frequencies and spectrum. PMP radios on the other hand consist of one base station that is installed at a central high location and is connected to a number of remote radios. Thus if we have to connect ten sites, we would need to install one base station and use nine remote radios. Also, since all of them connect to one base station, the frequency used by all of them is the same and therefore we need to pay the DOT fees for only one location, bringing substantial saving in spectrum charges.

Radios communicate to each other through microwave radio waves that travel similarly to light. Therefore two radios that are communicating need to be visible to each other. For this purpose, in order to compensate for the curvature of the earth and obstacles like buildings / trees etc, we need to construct high towers on top of buildings so that these radios can communicate with each other. There are however, some radios that can communicate to each other for short distances, even if there is no line of sight, using reflected waves. In this case, we need to install the base station at a height but all customer premise equipment radios up to a distance of two to three kilometers from the base station can be installed at window sill height. This provides a major advantage where customers do not have roof space or else would need to pay exorbitant rentals for roof rights to construct towers.

Connected to this is 'Near line of Sight'. At most places, we can connect an antenna / radio on a pole at a small height. In this environment, CPE radios have a range of upto five kilometers. However for long distances upto 25 kilometers and above, We construct towers or install radios on top of buildings so that line of sight is available.

IPSec

IPSec is an IETF working group standard that provides authentication, confidentiality, and integrity for IP traffic. It provides authentication by blocking unauthorized users from the network and confidentiality by keeping unauthorized users from snooping or retrieving the contents of packets traveling to and from the network. IPSec also provides integrity for data by ensuring that the data traveling to and from the network is not modified or otherwise tampered with. There are two kinds of IPSec packets, encapsulating security payload (ESP) and authentication header (AH). ESP provides for authentication, confidentiality and integrity while AH only covers authentication and integrity, but not confidentiality.

ESP works by encrypting the entire data packet, including the payload with the sensitive information. AH does not encrypt the data packet nor the information, but merely creates a copy of the sensitive data transferred to check against, ensuring that nothing has been illegally modified during transit. The good thing about using AH is that it is much faster than ESP, since encryption is processor-intensive and can slow down traffic. But the landscape of VPN has also changed somewhat, with many vendors now offering hardware-assisted encryption that offloads encryption to a dedicated co-processor.

IPSec VPNs can also provide proprietary features such as "single sign-on", which requires clients to authenticate only once to get access to all services. Some IPSec VPNs also offer specialized client software for the authentication, while others allow authentication through Web browsers.

Multi-protocol Label Switching (MPLS)

Multi-protocol label switching (MPLS) is another IETF definition. It can be seen as a method of connecting IP traffic to connection-oriented networks, such as ATM, Frame Relay, or optical networks. There can also be multiple labels for each data packet, but only the outer-most (the most recently added) label will be used for forwarding. The advantage of using labels with MPLS networks is that once a packet has been labeled, the packet will not go through multiple hop analysis, and can provide the much needed speed in secure communications.

Key customer benefits from MPLS VPNs are:

- Scalability: MPLS VPNs scale easily to thousands of users and sites since they do not involve site-to-site peering.
- Traffic Engineering (also known as “Explicit Routing” or “Constraint Based Routing”): In MPLS traffic engineering, factors such as bandwidth requirements, media requirements, and the priority of one traffic flow versus another can be taken into account by us in delivering desired network performance to customers. These capabilities enable us to control traffic flow, reduce congestion, make the best use of network resources, and set up explicit paths to carry the traffic. From a customer perspective, this translates into an optimal use of their bandwidth.
- Security: MPLS VPNs use a technique called route distinguishers to provide traffic- separation between VPNs of different customers. These are assigned automatically where the VPN is provisioned, and are unique for a given customer. MPLS VPNs are considered to be as secure as Frame Relay.
- Class of Service: MPLS supports the marking of each packet with a Differentiated Services Code Point (DSCP) thereby enabling techniques such as packet classification, congestion avoidance and management. From a customer perspective, this translates into having control of your traffic as it travels through Tulip’s network. By assigning priorities, you can ensure that your mission critical traffic always gets through first.

D. SELECTION OF PRODUCTS

After a variety of technology options, we harnessed WipLL technology from Airspan, a WiMAX member. WipLL is based on Multipoint Microwave Distribution System (MMDS), a wireless broadband technology for Internet Access. WipLL is a high capacity point to multipoint Wireless Wide Area networking system that uses IP technology and has an operating range in excess of 20 kilometers line of sight (LOS) and around 3 kilometers of Non Line of Sight (NLOS).

MMDS carries voice, video and data services on a single platform. It supports Quality of Service (QoS) and Bandwidth on Demand (BoD). The base station connects to IP routers and the subscribers are connected to the Base station.

The WipLL system supports a variety of network topologies, Points of Presence for backhauling traffic, Point to Multipoint (PMP) for traditional Wireless Local Loop applications and multipoint-to-multipoint (MMP) for base station interconnection.

The patented wireless Vine Technology from Canada’s Wi-Lan’s (also a member of WiMAX) is a new networking technology that overcomes the NLOS obstacles and minimizes initial up-front costs of developing networks. Vine technology focuses on overcoming NLOS issues imposed by challenging terrain topography and offers total freedom with the network. As the network grows, any node can be promoted to become a repeater, the only requirement for a new node to get attached is to have Radio Frequency connectivity to a node already in the network - a deployment strategy called PMP since any point in the network can become the centre of a PMP branch. Hard to reach locations that are obstructed can easily be reached once the vine spreads into that neighbourhood. Total bandwidth can be shared fairly between all the active radios in the vine network but if the network demands allocation of bandwidth, the vine protocol supports different levels of Quality of Service {QoS} assigned to individual radios.

WipLL platform is a low cost, high performance Wireless Access system designed to deliver high speed data, Voice over IP and multimedia services to residential areas, small businesses and large enterprises. It is capable of delivering data speeds up to 3.2 Mbps to each customer offering high quality service and maximizing spectrum utilization. It addresses the challenge of integrating different applications such as telephony, high speed internet access and Local Area Network (LAN)/ Wide Area Network (WAN) traffic using single protocol enabling a highly efficient use of bandwidth.

- Quality of Service

The technology enables NLOS operation without severe distortion of the signal from buildings, weather and vehicles. It also supports intelligent prioritization of different forms of traffic according to its urgency

- Spectral efficiency and Multipath Tolerance

WipLL uses a Spread Spectrum Frequency Hopping Code Division Multiple Access (FH-CDMA) air interface that works both in the unlicensed 2.4GHz band and in the licensed 2.7GHz and 2.9 GHz band. The FH-CDMA is a field-proven radio technology that is particularly robust in high interference environments.

WipLL supports Time Division Duplex (TDD) operation in the unlicensed band and both Frequency Division Duplex (FDD) and TDD modes of operation in the licensed band. This capability gives the operators around the world the flexibility to apply for licenses in both of these modes of operation, as and when they become available.

- Pre-emptive Polling Multiple Access air protocol

WipLL utilizes a proprietary Pre-emptive Polling Multiple Access (PPMA) air protocol that affords the operators a number of key advantages when compared to similar systems provided by WipLL's competitors. PPMA protocol has been specifically designed for fixed wireless access applications, and it enables the operators to deliver services to a higher number of subscribers, thus allowing those operators to generate more revenues per base station deployed. PPMA also provides a high degree of communication security among users.

- Comparison with alternative wireless technologies

- 2G/3G Technologies: Wireless Wide Area Network technologies like GSM and CDMA dominate the WWAN deployments. These technologies transmit voice more efficiently than data. Though the stated data transfer rates are 115 Kpbs, the actual throughput is substantially lower. The more advanced 3G which is finding prominence is also commercializing Wideband CDMA (WCDMA). The data transfer rates are expected to be 2 Mbps. An extension called as High Speed Downlink Packet Access which is expected to be deployed by 2006 has data transfer rates at 3.6 Mbps. But 3G is yet to be standardized.

- VSAT: Though VSAT is a good medium for providing connectivity, it suffers from drawbacks such as high initial cost, need for rooftop space, high latency and recurring charges

- WIMAX: Worldwide Interoperability for Microwave Access Certification of IEEE 802.16. standard would revolutionise the point-to-point and point-to-multipoint wireless broadband equipment in both the licensed and unlicensed bands. In 2006, the IEEE 802.16e standard is expected to be ratified, thus standardizing client radios in licensed and unlicensed bands providing improved last-mile delivery in key aspects such as multipath interference, delay spread and robustness. Our network can easily adopt WiMAX once the standards are ratified. The only requirement would be to remove the present base station and put up a WiMAX base station at an incremental cost of just one-third of the cost of the original BTS(Base Station).

Internationally, the range of spectrum used for wireless services is as follows:-

- 2.4 Ghz and 5 Ghz for IEEE 802.11 solutions
- 2-6 Ghz for IEEE 802.16 solution/MMDS solutions

Following is a brief comparison of the key technologies:-

Family	Standard	Speeds*	Range	Spectrum	Remarks
ADSL	ADSL(G.dmt)	8-10 Mbps	3 km		Guaranteed band width, uses splitter
	ADSL(G.lite)	1.5 Mbps	5.4 km		Longer distances, does not require splitter
	ADSL2	8 Mbps	1.5 km		No split, improved ADSL
	SHDSL	4.6 Mbps	3 km		Symmetric, fast
	VDSL	52 Mbps	300 m		High speed, short distances

Family	Standard	Speeds*	Range	Spectrum	Remarks
Cable		32 Mbps#	Long		Shares capacity among users
Ethernet in the last mile		100 Mbps	100 m		
	802.11b Wifi	11 Mbps	100 m	2.4 Ghz	Most popular and widespread
	802.11g	54 Mbps	100 m	2.4 Ghz	Fast, backwards compatible with Wifi
Wireless	802.16 WiMAX	70 Mbps	50 km	2-11 Ghz	QoS, very long distance, Metro net
	MMDS	10 Mbps	48-56 km	2.1-2.7 Ghz	Does not require line of sight
	LMDS	upto 155 Mbps	Long Distances	>20 Ghz	Requires Line of Sight
Satellite		512 Kbps to 2 Mbps			Well Suited for bursty bandwidth requirements and remote areas
IMT - 2000	UMTS(W-CDMA)	Upto 2 Mbps		1-2.5 Ghz	
	CDMA 1X EV-DO	2.4 Mbps		1-2.5 Ghz	

Source: ITU, * Download Speeds # per channel

● Proven WipLL Solutions World wide

WipLL has been successfully deployed in many countries providing both high speed data and voice. Following are a few instances of deployment:-

Customer	Country	Frequency	Application	Deployment
ABB	Norway	2.4/3.5 Ghz	High Speed Data	Hundreds of CPEs and Base station radios deployed in 25 rural communities of Norway in order to bring broadband services to remote areas
Chevron	Australia	2.4 Ghz	High Speed Data	After trying wireline ADSL from the incumbent and failing, Chevron decided to adopt WipLL as the standard product for connecting various administrative buildings, oil wells and other oil facilities to each other with broadband data services
G-Tel	Mexico	2.4 Ghz	High Speed Data	Hundreds of CPEs deployed in order to provide high speed internet access for schools
Indosat	Indonesia	2.4 Ghz	High Speed Data	Hundreds of CPEs and Base Station radios deployed in Bali and elsewhere to provide telecoms services in tourism
SpeedNet	Japan	2.4 Ghz	High Speed Data	20000 residential CPEs in commercial service in two suburbs of Tokyo; 1500 base station radios deployed
Unefon	Mexico	3.5 Ghz	High Speed Data & VoIP	900 residential and business customers in service; 11 base station sites deployed.
Transmillenio	Colombia	2.4 Ghz	High speed data and IP telephony	Hundreds of CPEs deployed along a 25 km bus route in order to link the end point terminals and intermediate stops with travel information and IP telephony
Telstra Clear	New Zealand	2.4 Ghz	High Speed Data	Several Hundred CPEs in service in order to deliver broadband access to business users in Auckland and other cities

Source: VarIndia - August 2005

After detailed analysis, discussions, evaluations and trials we selected the following products to drive our wireless based IP/VPN business:

- Point to Multipoint, Line of Sight (LOS) and Non-Line Of Sight (NLOS) radios from Airspan of UK for MMDS radios
- IP based Point to Point radios from Infinet Wireless of Russia
- Value added 802.11b/g compliant Wi-Fi and SCADA (Supervisory Control And Data Acquisition) radios from multiple vendors.
- IP based video phones, cameras, surveillance and monitoring products from multiple vendors.

E. OUR CORE COMPETENCIES

- **Competence in Wireless Technologies by identifying and implementing appropriate product mix**

We have proved our expertise in implementing suitable wireless technologies and have successfully implemented major wireless networks for organizations like Bank of Punjab, ABN Amro Bank, HDFC Bank, Bank of India, Indian Overseas Bank etc. On 26th July, 2005 during the floods in Mumbai, while most telecommunication networks were severely affected and down, we managed to provide an uptime of 98%. Additionally, we established numerous links to provide urgent connectivity for some organizations who were in need of the same.

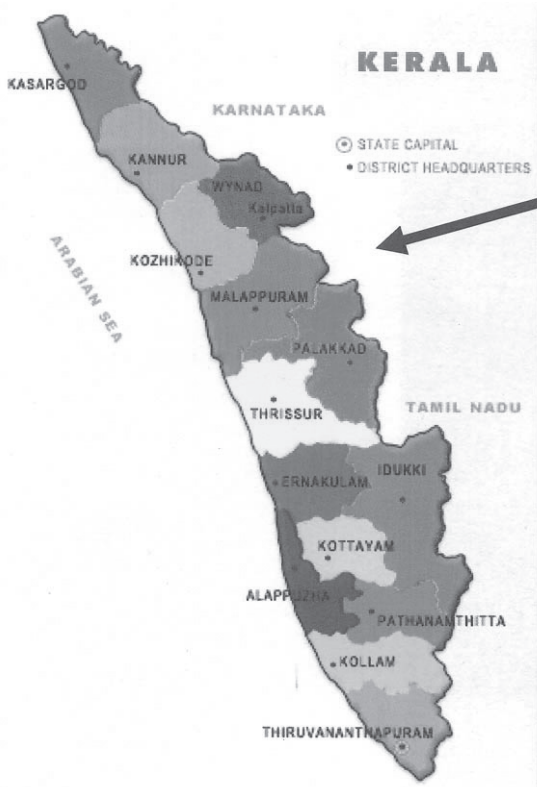
We have successfully executed and maintained India's largest ever wireless network at Malappuram. This has been possible because of an optimal mix of technologies chosen by us. The technology solutions for Malappuram were arrived after extensive studies and interactions, including demonstration of various technologies.

F. CROSS SECTION OF SOME PROJECTS HANDLED BY US

- **Network Integration and Broadband Wireless Access: State-Wide Network Rollout Kerala Pilot Project Malappuram District**

Brief About the Project Completed

The Kerala state government decided to roll out a statewide data network which can be used to provide connectivity to all corporate, government educational and other institutions in the state. It chose Malappuram as the location for the pilot project.



Malappuram (literally, a land atop hills) is situated 50 Km southeast of Kozhikode. Bounded by the Nilgiri hills in the east, the Arabian Sea in the west and Thrissur and Palakkad districts in the south. It has an area of about 3500 square km.

This was chosen as the location for the pilot project for three reasons:

- The Akshaya Project, aimed at ensuring that at least one member of every family becomes computer literate. For this purpose almost 500 centres were set up by entrepreneurs.
- This was the most difficult terrain and if it worked here, it would work anywhere.
- It is prestigious constituency of Kerala's IT minister

The Technology

We planned to cover the whole district by using wireless technology, a feat which had not been accomplished in any part of the country. The project involved providing a cellular wireless umbrella over the entire district, possible through the use of appropriate wireless technologies.

The methodology chosen was to set up Network Operations Centre at a central site, where bandwidth was taken from a service provider. From here, a multi hop backbone was created running in different directions in the district that connected multiple points of presence (POPs). These POPs were connected through wireless with a capacity of 8 MBPS, but can be upgraded to any bandwidth depending on the requirement of the customers. At the POPs, point to multipoint radios of the MMDS (Multi mode, Multi-Point Distribution System) were deployed with a capacity of 4 MBPS. Using this for the last mile, we installed customer premises equipment (CPEs), again atop small towers at the customer premises. The requirement as per the RFP was to deliver a bandwidth with minimum 16KBPS and maximum 64KBPS. However, even now an average of 256KBPS is available to all the customers and this can be scaled up to any bandwidth as required by the customers. This bandwidth can now be distributed to various customers like banks, companies, etc.



The Result

Today Data connectivity has become the lifeline of growth and this network gives a major advantage to the state. In addition some very valuable lessons have been learnt:

- A wireless network can help the country to leapfrog generations of technology and provide the highest levels of connectivity.
- Voice, data and video can be delivered at extremely low cost right across the country in extremely short time frames.
- At the same cost of a Village Public Telephone, a complete Village Telecom Centre can be provided, capable of delivering voice, data and video. This can also be used to distribute voice within the village.
- Broadband across the country can be rolled out speedily wherever 'political will' exists.

This network is now fully operational and has received praise from across the world.

- **Broadband Wireless Access: Bank Of Punjab**

The Bank of Punjab Ltd is among the fastest growing banks in the country and among the bigger ones in the private sector in India. We implemented a wireless based solution to the bank for providing connectivity to its branches countrywide. We had set up a state-wide backbone to provide connectivity to almost branches and ATMs of the bank. We were able to provide an uptime of approximately 99.6%.

- **Network Integration and Broadband Wireless Access: Punjab National Bank**

Punjab National Bank has almost 5,000 branches countrywide. In the first phase PNB has provided connectivity to its branches in the major cities. The bank has its main data centre in Delhi. It has chosen to go in for a bulk of its connectivity based on leased circuits. We provided all the equipment and services required for providing connectivity to branches of the Bank. In one year we were able to provide connectivity to over 500 branches of the Bank, making it the largest core banking implementation in the country.

- **Broadband Wireless Access: HDFC Bank**

HDFC Bank is the second largest private sector bank in the country with almost 500 branches. We provided countrywide connectivity to 74 select branches of the bank. This greatly increased the uptime of these branches and also provided connectivity to inaccessible branches.

G. MARKETING & SALES STRATEGY

Existing Marketing Set-up

We at present market Network Integration products through our offices spread across the country. Users of such products are banks, Governments and the corporate sector. We have a strong marketing team, highly experienced in marketing different types of products and services to different segments of the industry. We have regional marketing offices at Delhi, Chennai and Mumbai, in addition to branches at Pune, Chandigarh, Bangalore, Calcutta, Jaipur, Kanpur, Hyderabad and Indore.

We have a long list of existing clients, such as:

Banks and Finance

HDFC Bank, ABN Amro Bank, ING Vysya, Tata Finance, Indian Overseas Bank, Punjab National Bank, Bank of Punjab, Karnataka Bank Ltd., Jammu & Kashmir Bank Ltd.

Call Centers

Daksh, Honeywell, Tele atlas,

Internet Service Provider (ISP)

Primus, Primnet, Global Tele, Spectranet, Worldphone, HECL, HFCL, VSNL

Government/PSU

ONGC, Earnet India, MPSEB, Gujarat Informatic , Kerala Government and

MNC's

TEXAS Instruments, Ericsson, Sona Group, Times Group, Seibe India, Pharmacia & Upjohn, APL, Equant, Ranbaxy

Entertainment Network

Star TV Network, NDTV , Radio Mirchi, Radio City, Sun TV

Various modes of Marketing

We use various modes of marketing and advertising to increase our brand awareness:

Advertisement: This is the most popular mode used by us for increasing awareness about the company and its products.

Press Conferences: This mode is used by us for launching its products or for making some public announcements.

Articles about the company and products: Articles about us and our products are regularly published in newspapers, magazines, journals, Internet etc.

Borrowings

As per our Articles of Association, we have the power to borrow from any persons and secure the payment of any sum or sums of money for the purpose of Company and the Directors of the Company have been vested with the powers to exercise such right in the manner they deem fit, in compliance with the Act. At present, the Directors are authorised to raise monies not exceeding Rs.25000 lacs.

FACILITIES AND INFRASTRUCTURE

Facilities

Our headquarter is located in New Delhi, India. This facility houses the business units and other support functions such as sales, marketing, Finance, HR and Quality. Brief details of our facilities are as under:

Owned Facilities:

1. C-160, Okhla Industrial Area, Phase-I, New Delhi 110 020
2. Plot No. 32, MIDC, Marol Industrial Area, Andheri (East), Mumbai
3. Lane - 4, SIDCO Industrial Area, Phase-II, Bari Brahamna, Jammu

Leased Facilities

1. 90/A, Mahanlay Complex, Opp. President Hotel, off CG Road, Narang Pura, Ahmedabad -380009
2. No.8/1, Eagle Street, Hosur Road Cross, Langford Town, Bangalore-560 025
3. SCO 122-123, 1st Floor, Cabin 23, Sector-8C, Chandigarh
4. No.7, 50th Street, 7th Avenue, Ashok Nagar, Chennai-600 083
5. H.No.1-97/1, Hyderabad Pipeline Road, Fateh Nagar, Hyderabad - 18.
6. 203, Sheeba Complex, Regal Point, 562, M.G. Road, Indore-452 001 (M.P)
7. Plot No.19, Shiv Puri Colony, Tonk Fatak JAIPUR
8. 52/142, 1st Floor, Konthurthy Road, Thevara, Kochi-682 013
9. B-10, Kanchana , 7/1, Russel Street West, Kolkatta-700 068
10. Premier House, Plot No.38, Central Road, MIDC, Mumbai-400 093
11. No.21, Cholan Street, Mullai Nagar, Pondicherry
12. Flat No.10, Plot No.2, Survey No.127/2, Above Vidhya Sahkari Bank, Next to Hotel Sarja, Aundh, Pune - 411 007
13. Panchami 16/530,ERA 120A, Easwara Vilasoan Rd, Vazhuthacaud, Thiruvananthapuram - 695014

In addition, we have support offices at the following locations:

1. C/o Bank of Punjab, Minerva AC Complex, cabin No. 42, 3rd floor near clock tower, G.T Rd, Ludhiana
2. C/o Bank of Punjab, Civil Lines,Rampa Tower, Jhalandhar
3. C/o Bank of Punjab, Court Rout,Amritsar
4. C/o Bank of Punjab, Guru Kashi Marg, Bathinda
5. C/o Bank of Punjab, Ravinder Path, Ganganagar
6. C/o Bank of Punjab, Leela Bhavan, Patiala,Gananagar
7. J&K Bank Ltd, Crp HQ, Mavlana Azad Rd, Srinagar, J & K
8. P.K & P.K Quarters, Kozhikode Down Hill, Mhallapuram
9. G-2/218, Ideal Homes, Flat no. T-3/4, Gulmohar Colony, E-8, Bhopal
10. 3/10 Gopal Bagh, Damon Naka,Jabalpur
11. New Azimabad Colony,Sector - A, P.O Mahendru , Patna - 800006

Offices Abroad:

Tulip IT Services Singapore Pte. Ltd.

1, North Bridge Road, # 19-04/05, High Street Centre, Singapore

Communication and IT Infrastructure

The overall IT infrastructure includes an Intranet connecting our different offices and other locations.

Our network consists of Enterprise Servers, storage devices, operating systems, compilers and other productivity enhancing software tools. All of these computing resources support the development, testing and simulation needs of the Company. Our information systems (software) environment includes a multitude of operating systems, databases, and configuration management tools, object oriented design, documentation and review tools to enhance productivity.

Licenses

In India to provide IP VPN services we are required to have the following licences:

- Internet Service Provider (ISP) license to provide internet connectivity to our customers
- IP VPN license to provide virtual private networking services under the ISP license
- IP -II license to provide services to service providers

The status of various licences are as under:

- Category - 'A' Licence Agreement for Provision of Internet Service No. 820-820/04 dated 02.11.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- Category - 'B' for Kerala Circle Licence Agreement for Provision of Internet Service No. 820-740/2003-LR dated 07.11.2003 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- Category - 'B' for Mumbai SSA Circle Licence Agreement for Provision of Internet Service No. 820-776/04-LR dated 13.04.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- Category - 'B' for Kolkata SSA Circle Licence Agreement for Provision of Internet Service No. 820-777/04-LR dated 13.04.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- Renewal certificate of Licence for Wireless receiving & transmitting apparatus dated 04.01.2005 issued under Indian Wireless Telegraph Act, 1933.
- Letter of Interest (LOI) for award of licence of Infrastructure Provider Category - II-(IP-II) No.10-04/2005/BS-I, from Government of India, Ministry of Communications & IT Department of Telecommunications (Basic Service Group).

Trademark Law

In India, trademarks enjoy protection under both statutory and common law. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner. The Trade Marks Act, 1999 which has brought Indian trademark law into compliance with TRIPS, governs the statutory protection of trademarks in India. Indian trademark law permits the registration of trademarks for goods and services and as well as Certification marks and Collective marks. In India, trademarks have to be registered by the proprietor/s of the mark.

The application may be made by individual or joint applicants and may be made in the name of an individual, a partner of a firm, a company, a government department, a trust. An application for trademark registration can be made on the basis of either use or the intention to use a trademark in the future. However, the registration of a trademark that is not inherently distinctive on the basis of an intent to use may be difficult to obtain.

Applications for a trademark registration may now be made for in one or more international classes. Once granted a trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored.

The average timeline for the completion of the entire registration process is three to four years. However, it is likely that this timeline may be reduced in the near future due to initiatives which have been recently undertaken to expedite trademark filings.

Our trade mark "Tulip" is already registered under the Trade and Merchandise Marks Act, 1958, vide trade mark Registration No. 614201 dtd. 17.12.1993 under section 23(2), Rule 65(I) of Trade and Merchandise Marks Act, 1958. We have moved the following applications for modification in existing trade mark and for new trade marks as under:

S.No	Issuing Authority	Status	Nature
1	Trade Mark Registry, New Delhi	Applied for	Trade Mark "TULIP" for re-classifying under class 38 in respect of telecommunications.
2	Trade Mark Registry, New Delhi	Applied for	Trade mark " TULIP connect"
3	Trade Mark Registry, New Delhi	Applied for	Trade mark " RURAL connect".

MANUFACTURING FACILITY AT JAMMU

We have set-up the manufacturing facilities to manufacture some of Networking and wireless equipments. This unit is located at Bari Brahamana, Jammu and availing following tax benefits:

- Central Excise Duty exemption for a period of 10 years;
- Income Tax exemption for 5 years u/s 80IB of Income Tax, 1962; and
- Central Sales Tax exemption for a period of 10 years

QUALITY INITIATIVES

Certifications

We recognize quality as a crucial differentiator in the industries we operate in. Our quality journey began with the successful certification to ISO 9001:2000 for the first time in 2001, audited by KPMG Quality Registrar.

An independent Quality group, reporting to our Managing Director is the custodian of our quality management system and this group facilitates the implementation of our quality policy. The implementation of our quality policy is supported by top management commitment.

SECURITY POLICY AND PRACTICES

We protect our own as well as our customers' information through the following methods.

- Non-Disclosure Agreement
- Licensing Agreement
- Physical Security / Access Control
- Network Security and link to Customer's network
- Management of various projects /information for customer
- Mechanism for protection of IP contamination

We strive to institutionalize corporate values in our employees and others regarding confidentiality, security of information, protecting customer data etc.

Human Resource

The employee strength as on 31 October 2005:

Marketing	99
Engineers	281
Skilled Workers	277
Accounts and Administrations	33
Total	690

We have aligned our 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 high level of ownership and involvement in employees. The HR policy is built around our 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.

Our initiatives, policies and procedures, evolved through a consultative process with our employees, have helped create a non-hierarchical, flexible and informal work environment. We believe that development of people is the prime responsibility of an organization. To create this environment, we have formulated a number of unique policies to develop individual potential. The key elements of our HR policy are:

Recruitment:

Our aim is to attract the best available talent and effectively deploy our resources to meet our business requirements. The recruitment sources targeted by us 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 with 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:

We utilize the employee evaluation as a tool for managing performance planning and motivating, evaluating and enhancing the performance of our employees to achieve our goals. Performance management seeks to establish and maintain an environment that supports our business processes and ensures that employee performance is evaluated against the achievement of objectives aligned to our 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:

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

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

Raw Materials

We require inter-city bandwidth to provide end-to-end connectivity to our customers. The inter-city bandwidth will be procured from various service providers at competitive pricing which is available in abundance in the country. The raw material required for our manufacturing facility at Jammu are Routers, Cards, Switches, Power Supplies, Converters Modems, Parts of Antenna System Equipment which are abundantly available.

POWER

To provide 24x7 connectivity to our customers we need the continuous supply of the power at all locations and for which Gensets and UPS of the different capacities. We are having sufficient number of Gensets and UPS to support the existing infrastructure.

WATER

Our requirement for the water is limited upto drinking and washing requirement which are reasonably available.

POLLUTION CONTROL

Our line of activity does not envisage any pollution related issues.

Key Industrial Regulation & Policies

The Telecommunications Regulatory Authority of India ("TRAI"), an autonomous body with quasi-judicial powers to regulate the telecommunications services was established in early 1997. The Telecom Regulatory Authority Act, 1997 governing the establishment and role of TRAI was amended in 2000, pursuant to which TRAI's powers to adjudicate disputes were vested in the Telecom Disputes Settlement Appellate Tribunal ("TDSAT").

The regulatory functions of TRAI fall under two categories:

- **Recommendatory Functions:** The principal recommendatory functions include introduction of new service providers, terms and conditions of licences to be awarded, measures to facilitate competition & promote efficiency, efficient management of available spectrum.
- **Regulatory Functions:** The regulatory & supervisory functions include fixing & regulation of tariffs, fixing the terms & conditions of interconnection arrangements between operators, ensuring technical compatibility between operators for inter-connection, ensuring compliance with licencing conditions, setting standards for & ensuring quality of services, laying measures for protecting the interest of the consumers.

From time to time, TRAI issues regulations, orders, directives, etc. in performance of its regulatory functions. All customer tariffs and inter-connection agreements with other operators are required to be approved by TRAI. TRAI periodically monitors the performance of the Company and other operators against Quality of Service parameters and Licence Conditions. TDSAT has been granted powers to adjudicate any dispute between the licensor (the GOI) and a licensee service provider, between service providers, and between operators and a group of consumers. TDSAT also has the jurisdiction over appeals against any regulation, direction or order of TRAI. The orders of TDSAT can be challenged in the Supreme Court of India.

ISP License

The Department of Telecommunication issues licenses to respective companies for providing internet services. As per existing provisions for ISP license, there is no entry fee or revenue share for ISPs. However, there is a nominal licence fee of One Rupee per annum. ISPs are also required to provide a performance bank guarantee of Rs. 2.00 crores for category 'A' Service Area, Rs. 20.00 lacs for category 'B' Service Area and Rs. 3.00 lacs for each category 'C' Service Area.

VPN License

Recently Department of Telecommunication came out with guideline amending the ISP licensing condition to provide VPN services. The key features of the guidelines are:

- Tariff for providing VPN services shall be as prescribed by TRAI from time to time.
- One time non-refundable Entry Fee of Rs. 10 crores, Rs.2 crores and Rs.1 crore for Category A,B and C ISPs respectively.
- Annual license fee of 8% of Adjusted Gross Revenue generated under the license.
- Financial Bank Guarantee of an amount of Rs. 1 crore, Rs.20 lacs and Rs.10 lakh for Category A, B and C ISPs respectively.
- All required fees have been paid by us

Earlier, ISPs were offering VPN services without paying any license fee or sharing revenue with the government. As such ISPs filed a petition before Telecom Dispute Settlement Appellate Tribunal (TDSAT) against the decision of Government. TDSAT in its ruling had asked the government to set the tariff based on the recommendation from TRAI. Recently TRAI came out with consultation paper on issues related to ISP license with Virtual Private Network (VPN) in July 2005 and is expected to submit the recommendations soon. TRAI has since recommended an entry fee of Rs.30 lacs and no revenue share.

WPC License

The Wireless Planning & Coordination (WPC) Wing of the Ministry of Communications, created in 1952, is the national radio regulatory authority responsible for frequency spectrum management, including licensing and caters for the needs of all wireless users (government and private) in the country. It exercises the statutory functions of the Central Government and issues licenses to establish, maintain and operate wireless stations.

3. HISTORY AND CORPORATE STRUCTURE

Originally Incorporated as Tulip Software Private Ltd on 19th May 1992 in New Delhi, India under the Companies Act, 1956 vide Registration No. 55 - 48817. The name of the Company was changed to Tulip Software Ltd, i.e.

the word "Private" deleted U/s 43A of the Companies Act, 1956 and the company has become a deemed Public Company w.e.f. 1st July 1997. The name of the Company was changed to Tulip IT Services Ltd. vide fresh Certificate of Incorporation dated 10th January, 2002. The company has shifted its registered office from J-31 New Delhi, South Extension Part 1, New Delhi- 110049 to C-160, Okhla Industrial Area, Phase I, New Delhi - 110 020 w.e.f. July 18th, 2003.

We started our operations in 1992 as traders in software products. At present we are a 13 year old organization and during this period we have gone through series of diversifications, expanded our reach at various locations in India and set up a 100% subsidiary at Singapore. The Company was promoted by Lt. Col Hardeep Singh Bedi and Ms. Maninder Bedi.

During the financial year 2004-05 we initiated our Wireless based IP/VPN services to provide connectivity across cities, through our product "Tulip Connect". Within a short span we were able to execute orders worth Rs. 1,578 Lacs. The list of clients for this line of business includes HDFC Bank, Sapiant, Playwin, Inlott, etc. Our network was even able to connect remote cities like Guwahati, Rudrapur, Baddi and Parwanoo.

Due to this initiative the company has not discontinued any of its other line of business.

Milestones of the Company

- In the year 1994-95, we diversified in to hardware and became a leading partner for most major computer manufacturers.
- During the year 1995-96, we further diversified our product profile and changed the basic characteristic of our business from being just a small software dealer to become a system integrator. This changed our clientele from the small & medium customers in the private sector and Government Departments to the large business enterprises in the country.
- During the year 1995-96 we opened our Mumbai branch, which helped in expanding our operations in the western India. It was during this period that we started providing turnkey telecom solutions to major organizations.
- In the year 2000-01 we saw the potential in becoming a Network Integrator and started tapping this business.
- In the year 2004-05 we have completed the first project to provide internet on wireless network in Malappuram district of Kerala
- In the year 2004-05 we started rolling out the wireless based IP/VPN services.

MAIN OBJECTS OF THE COMPANY

The Object Clause of the Memorandum of Association of the Company enables it to undertake its present activities. Furthermore, the activities the Company has been carrying out until now is in accordance with the objects of the Memorandum of Association. The objects that permit the Company's main operations are:

1. To carry on the business of servicing, consulting, training, developing, designing, marketing, trading, selling, distributing and licensing computer software, hardware, firmware and programmes of any and all description particularly those used in for or in connection with electronics data processing equipment, computers, micro processor based systems and providing software, hardware, programmes and data processing consultancy services and computer time sharing and cad/cam services for preparing, collecting, storing, processing and transmitting data of every kind. To take up turnkey projects for software development of Government departments and industrial organisation and to accept tender.
2. To establish bureaus for providing computer services, process data and develop systems of all kind by processing jobs and hiring out machine time and to assist and to set up operate and supervise the operation of the data processing divisions of such other companies or organizations in India or elsewhere. To plain, design, develop, programme and implement systems for the use of all kinds of data processing equipments and systems for collection, arrangements and analysis of information and the application of data processing technique and equipment.
3. To initiate, undertake carry on, engage in, promote, assist, encourage and conduct scientific and technical research, developments, experiments, studies, project, analysis, examinations, surveys and test of all kinds related to computers, electronic data processing equipment, software, hardware and programmes of all kinds and any equipment, parts, components, assemblies or sub assemblies there of.
4. To design, develop, assemble, buy, sell, distribute, import, export, alter, remodel, install, repair, service and provide consulting services in connection with and otherwise to deal in all classes and types of apparatus, electronic test and measurement equipment, analytical equipment, medical electronic instruments, data processing equipment, electronic calculators, electronic educational equipment and services, electronic and electrical appliances and apparatus and electronic, components of every description and mini computer and micro computer products, main frame and super computers, computer networking products and services, computer soft ware and hard ware, firmware and programmes, electronic and mechanical computer and their peripherals of every kind equipment and terminals and workstations (including intelligent terminals),

speech processing equipment and services and parts, assemblies and subassemblies related to the above products and used in connection therewith, and deal in all other machines, machinery, appliances, apparatus, devices, materials, substances, articles or things connected therewith including consumables, peripherals and ancillary equipment. To establish and operate data and information processing and desk top publishing centres and to render services to customers in India and abroad.

5. To carry on in India and elsewhere any of the business in the field of electronics, electricals, telecommunications; software development, Internet services providers; to provide services related to E-commerce, Electronic data interchange, Networking, High end Voice, Data and Image transfer solutions, web TV, On Line Shopping, Creation of Web Sites and Web based solutions, CGI Interface, FTP access, Usenet and Telnet, Internet Relay Chat, Domain Name Registration and Routing, Computer storage space solutions. To Develop, design, conceptualize, improve, produce, reproduce, market, patent, distribute, buy, sell, license, provide, import, export, implement, operate, support and maintain information, technology and communication based products and services including those through the internet world wide computer network; voice data and image transfer in any form including digital packet, storage media, publishing multimedia. To provide services of consultancy and training, designing, coding and integrating systems for intranet and internet solutions. To sell and buy bandwidth and to provide infrastructure services in the field of telecommunications, provide national and international local long distance voice data and video services. To become a service provider or operator under any or all classes as permitted by the Government of India.

Changes in Memorandum and Articles of Association of Association since incorporation

SI. No.	Particulars	Date of amendments/Alterations
1	Increase in authorized capital from Rs.5 lakhs to Rs.10 lakhs	28.12.1992
2	Increase in authorized capital from Rs.10 lakhs to Rs.25 lacs	21.03.1993
3	Increase in authorized capital from Rs.25 lacs to Rs.50 lacs	28.03.1994
4	Conversion of company into deemed public company under section 43A of the Companies Act, 1956	Alteration made by RoC, NCT of Delhi and Haryana in Certificate of incorporation on 01.07.1997
5	Increase in authorized capital from Rs.50 lacs to Rs.100 lacs	28.03.1998
6	Change of name of the Company from Tulip Software Limited to Tulip IT Services Limited 10.01.2002	Fresh Certificate of incorporation granted by RoC, NCT of Delhi and Haryana dated
7	Changes in various clauses of articles of association upon deletion of Section 43A of the Companies Act, 1956	25.01.2002
8	Increase in authorized capital from Rs.100 lacs to Rs.200 lacs	28.03.2002
9	Increase in authorized capital from Rs.200 lacs to Rs.700 lacs	19.03.2003
10	Increase in authorized capital from Rs.700 lacs to Rs.1500 lacs	25.03.2004
11	Changes in objects clause	Certificate of registration of the special resolution confirming alteration of objects clause dated 14.12.2004
12	Increase in authorized capital from Rs.1500 lacs to Rs.3000 lacs	10.06.2005
13	Alteration in articles of association as per changes suggested by the Stock Exchanges.	10.06.2005
14	Change in articles of association on inserting the clause relating to dematerialization of securities	23.08.2005

Subsidiaries of Tulip IT Services Ltd.: Tulip IT Services Singapore Pte Limited.

Constitution : Limited liability company incorporated in Singapore.

Date of Incorporation : 16th May, 2002.

Board of Directors:

Lt.Col(Rtd.) H.S.Bedi.

Mr.Vangal Rangarajan Ranganathan

Nature of activity: Trading in computer hardware.

Shareholding Pattern

Tulip IT Services Singapore Pte Limited is wholly owned subsidiary of Tulip IT Services Ltd.

Brief Financials

(Rs. In Lacs)

Particulars	31.03.03	31.03.04	31.03.05	30.09.05
Sales & Other Income	135.87	128.20	101.83	5.75
PAT	7.34	5.82	10.60	0.76
Equity Capital	0.27	0.25	0.25	0.25
Share application money	-	-	-	-
Reserves & Surplus excl. Revaluation reserve	7.34	12.54	23.21	24.13
EPS (Rs.)	1057.42	580.39	799.04	151.93
Book Value/Share (Rs.)	2340.58	1275.53	828.26	974.80

Shareholders Agreements

There are no shareholders agreements entered into by us with any of our shareholders.

Strategic Partners

There are no strategic partners agreements entered into by us.

Financial Partners

We have availed finance from the following banks/Corporates as on March 31, 2005:

(Rs. Lacs)

Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest P.A.(%)
Term Loan	Bank of India	Demand Loan	245.00	165.73	1% over BPLR, Presently 11.75%
Total			245.00	165.73	
Working Capital Facility	Bank of India	Open cash credit	740.00	886.73	1% over BPLR, Presently 11.75%
	Indian Overseas Bank	Open cash credit	555.00	537.03	BPLR +0.75 p.a. with monthly rests
	Canara Bank	Open cash credit	555.00	534.28	BPLR+2%, Presently 12.75%
Total			1,850.00	1,958.04	
Hire Purchase Loans	Kotak Mahindra Primus Ltd	Hire Purchase Loans		12.86	
	Citi Bank Ltd	Hire Purchase Loans		2.76	
	Standard Chartered Bank Ltd	Hire Purchase Loans		0.91	
	ICICI Bank Ltd	Hire Purchase Loans		218.77	
	HDFC Bank Ltd	Hire Purchase Loans		14.50	
	TVS Financial Services Ltd	Hire Purchase Loans		2.49	
Total				252.29	

4. OUR MANAGEMENT

Board of Directors

Our Board of Directors comprises of the following members

Name, Designation, Age, Experience, Address, Qualification and Occupation	Appointment in the Company and date of expiration of current term of office	Other Directorships
<p>Lt. Col. (Retd.) H S Bedi Managing Director 52 years 30 years C-4/4, Vasant Vihar, New Delhi - 110 057 Graduation from National Defence Academy Business</p>	<p>Date of Appointment 15.10.1994 Date of expiration of the term as Managing Director 03.02.2008</p>	<p>Cedar Infonet Private Limited Sukhmani Technologies Private Limited Encore Technologies Private Limited Sharad Enterprises Private Limited Tulip IT Services Singapore Pte. Limited</p>
<p>Mrs. Maninder Bedi Executive Director 54 years 20 years C-4/4, Vasant Vihar, New Delhi - 110 057 Post Graduate in Chemistry, holding diplomas in Computer Applications and Industrial Management Business</p>	<p>Date of appointment 01.12.1997 Date of expiration of the term as Executive Director 31.03.2010</p>	<p>Encore Technologies Private Limited Sharad Enterprises Private Limited Tulip IT Services Singapore Pte. Limited</p>
<p>Mr. Deepinder Singh Bedi Director 26 years 3 years C-4/4, Vasant Vihar, New Delhi - 110 057 BE, MBA Service</p>	<p>Date of appointment 26.11.2001 Date of expiration of the term as Director - Will retire by rotation in 2006 AGM</p>	<p>Cedar Infonet Private Limited Encore Technologies Private Limited Sukhmani Technologies Private Limited</p>
<p>Ms. Sukhmani Bedi Director 23 years Nil C-4/4, Vasant Vihar, New Delhi - 110 057 Economics Graduate Student</p>	<p>Date of appointment 01.08.2003 Date of expiration of the term as Director - Will retire by rotation in 2007 AGM</p>	<p>Cedar Infonet Private Limited Encore Technologies Private Limited Sukhmani Technologies Private Limited</p>
<p>Mr. Chandahas Kutty Director 51 years 26 years C191, Sushant Lok, Gurgaon - 122 002 B Com (Hons), ACA and Diploma in Computer Accounting Service</p>	<p>Date of appointment 19.03.2005 Date of expiration of the term as Director - Will retire by rotation in 2006 AGM</p>	<p>Nil</p>

Name, Designation, Age, Experience, Address, Qualification and Occupation	Appointment in the Company and date of expiration of current term of office	Other Directorships
Mr. Rajesh Gulshan Director 54 years 32 years A-53, Lajpat Nagar - II, New Delhi - 110 024. M Tech Service	Date of appointment 19.03.2005 Date of expiration of the term as Director - Will retire by rotation in 2007 AGM	Nil
Mr. Rajesh Pandita Director 37 years 14 years C-13, Silver Oak Apartments, Plot No.109, IP Extension, Patparganj, New Delhi - 110 092. Service	Date of appointment 19.03.2005 Date of expiration of the term as Director - Will retire by rotation in 2008 AGM	Oranges Learning Systems Private Limited
Lt.Gen.(Retd) A.N.Sinha Director 65 years 44 years 3174, Sector 33, Gurgaon - 122017. Ex-Serviceman	Date of appointment 13.07.2005 Date of expiration of the term as Director - Will retire by rotation in 2008 AGM	Nil

Lt Col Hardeep Singh Bedi (Retd.) S/o Late. Maj K S Bedi, aged 52, National Defence Academy qualified.

Lt Col Hardeep Singh Bedi (Retd.) S/o Late. Maj K S Bedi, aged 52, National Defence Academy qualified. Commissioned in the 72 Armored Regiment of the Indian Army, Col. Bedi took early retirement from the Army to start his own company to utilise his entrepreneurship skills in the field of IT. During his 22 year experience in the Army, Col. Bedi worked as an instructor in the Army's Faculty of Computer Technology at MCTE, Mhow, worked with the Chief of Army Staff, and at the Army Headquarters to coordinate the Army's automation. He was awarded the 'Vishisht Seva Medal' (VSM) by the President of India for his role in the computerization of the Army. Today, he is a well-known figure in the IT industry and has vast experience in this field. Under his able guidance and strategic vision, we have achieved enviable success in a short span of 13 years.

Mrs. Maninder Bedi w/o Lt Col H S Bedi aged 54, a Post Graduate in Chemistry, with diplomas in Computer Applications and Industrial Management from the Directorate of Small Scale Industries. She is involved in the Company as head of the Administration and Human Resource functions.

Mr. Deepinder Singh Bedi S/o Lt. Col. H.S. Bedi, a Graduate in Electronics, has been involved in the running of the company and was working as Business Development Manager the marketing function. At present he is working with EMC, Boston, U.S.A. as "Senior Officer - Marketing Specialist".

Ms. Sukhmani Bedi D/o Lt. Col. H.S. Bedi, a Graduate in Economics. She is presently pursuing her MBA from Cornell University, USA.

Mr. Chandrahas Kutty aged 51 years, s/o of Late Bgd. K.S.Kutty is a Chartered Accountant with a Diploma in Computer Accounting from the University of Costa Rica, San Jose, Costa Rica. He has diverse experience in the field of Accounts, Finance, HR, IT and Logistics. He has held senior positions in many companies including Ranbaxy group, Shaw Wallace & Co. Ltd., Ballarpur Industries Ltd., Pharmacia Healthcare Limited, Escorts Group etc.

Mr. Rajesh Gulshan aged 54 years, is an M.Tech Engineering (Computer Science) from IISC (Indian Institute of Science). He possesses rich and varied experience of over three decades in the field of new set-ups, business development, IT Infrastructure development and System implementation.

Mr. Rajesh Pandita aged 37 years is a B.E. Computer Science from Marathwada University, Aurangabad. He is presently working as Director Programme, Manya Group. His area of expertise are managing small and middle level corporations, business development, franchising and managing franchise operations.

Lt. Gen. (Retd.) A. N.Sinha aged 64 years, is a retired Engineer-in-Chief with Indian Army. He has served the Indian Army for 41 years and has been awarded "Ati Vishisht Seva Medal" and "Param Vishisht Seva Medal" by the President of India for rendering distinguished service of most exceptional order. He has a vast experience in the area of Infrastructure Development.

Relationship among the Directors:

None of the Directors except Lt. Col. H S Bedi, Mrs. Maninder Bedi, Mr. Deepinder Singh Bedi and Mrs. Sukhmani Bedi have any family relation between them.

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

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

Details of borrowing powers:

The Board of Directors, vide a resolution pursuant to section 293(1)(d) of the Companies Act, 1956 passed at the Extra General Meeting of the Company held on 10th June, 2005 had approved and delegated powers to the Board for borrowing up to a sum of Rs. 250 crores apart from temporary loans obtained or to be obtained from Company's bankers in the ordinary course of business not withstanding that it is over and above the aggregate of the paid-up share capital and free reserves

Compensation paid to managing director/whole-time directors

The remuneration for Lt.Col(Retd) H.S.Bedi has been revised in the Extra Ordinary General Meeting held on 10th June, 2005. Further the remuneration for Mrs.Maninder Bedi has been approved in the Extra Ordinary General Meeting held on 10th June 2005. The details are as given below:

Name	Lt.Col. (Retd) H.S.Bedi	Mrs.Maninder Bedi
Designation	Managing Director	Executive Director
Period	5 years w.e.f. 04.02.2003	5 years w.e.f 16.08.2005
Remuneration	Rs.36,00,000 per annum inclusive of all allowances and perquisites.	Rs.36,00,000 per annum

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with regard to corporate governance will be applicable to the Company immediately upon filing the draft Red Herring Prospectus with SEBI. The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broadbasing of board, constituting the committees such as Shareholding/Investor Grievance committee etc., The Company believes in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics :

- Recognition of the respective roles and responsibilities of Board and the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority for investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the Company.

Details of existing Committees are as under :

(i) Audit Committee

a. Brief description of Terms of reference

The terms of reference of the Audit Committee covers the matters specified under Section 292A of the Companies Act, 1956. The Committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures. The financial result of every quarter will be reviewed by the Committee before being placed to the Board of Directors for its approval.

The Audit Committee shall include but shall not be restricted to the following:

- i. It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board for this purpose, shall have full access to information contained in the records of the company and external professional advice, if necessary.
- ii. To investigate any activity within its terms of reference.
- iii. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iv. Reviewing with management the annual financial statements.
- v. Reviewing the Company's financial and risk management policies.
- vi. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submissions to the Board.

b. Constitution of Committee

The Audit Committee has been reconstituted by the Board of Directors of the Company in their meeting held on 13th July 2005. The reconstituted Audit Committee comprises of 3 Non-executive Directors :

Mr.Chandrabhas Kutty	-	Chairman
Mr. Rajesh Gulshan	-	Member Secretary
Mr. Rajesh Pandita	-	Member

The Statutory Auditors and the Managing Director are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.

(ii) Remuneration Committee

a. Brief description of Terms of reference

The Company has a Remuneration Committee formed pursuant to the requirement of Schedule XIII of the Companies Act, 1956 for approving minimum remuneration to the Executive Directors in the event of absence or inadequacy of profits in any year. This Remuneration Committee, while approving minimum remuneration under Schedule XIII, takes into account the financial position of the Company, trends in industries, Director's qualifications, experience, past performance, past remuneration, etc. The Committee considers the above matters and determines the minimum remuneration so as to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders, subject to the overall ceiling fixed by the Schedule.

b. Composition

The Remuneration Committee was constituted by the Board of Directors at its meeting held on 25th May, 2005 comprising of 3 Independent Directors :

Mr.Chandrabhas Kutty	-	Chairman
Mr.Rajesh Gulshan	-	Member
Mr.Rajesh Pandita	-	Member

The Company Secretary acts as the Secretary of the Remuneration Committee.

The Board of Directors of the Company approved the remuneration payable to the Managing Director as recommended by the Remuneration Committee and the same was duly approved by the shareholders also at the Tenth Annual General Meeting held on August 12, 2005.

The Agreement for appointment of Managing Director and Whole time Director dated June 10, 2005 executed between the Company and the Managing Director are available for inspection at the Registered Office of the Company.

(iii) Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievances Committee has been constituted to do all such acts, deeds and things relating to Share transfers, transmission, splitting of share certificates, issue of duplicate share certificates and other related matters as may be deemed necessary.

The Shareholders/Investors Grievances Committee has been constituted by the Board of Directors of the Company in their meeting held on 25th May 2005. The Shareholders/Investors Grievances Committee comprises of 3 members:

Mr.Chandras Kuty	-	Chairman
Mr.Rajesh Gulshan	-	Member
Mr.Rajesh Pandita	-	Member

The Company Secretary acts as Secretary to the Shareholders/Investor Grievances Committee.

Shares held by the Directors.

Name	No of Shares
Lt. Col (Retd.) H.S.Bedi	92,72,250
Mrs. Maninder Bedi	11,40,600
Mr. Deepinder Singh Bedi	2,400
Ms. Sukhmani Bedi	2,400
	1,04,17,650

Interest of Directors and Promoters:

Except as stated elsewhere in the Prospectus, all the Directors may be deemed to be interested to the extent of remuneration and/or sitting fees payable to them for attending the meeting of the Board or Committee thereof apart from reimbursement of traveling/incidental expenses, if any, as per the Articles of Association of the Company.

The Managing Director/Directors/Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present Issue, and are also deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

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.

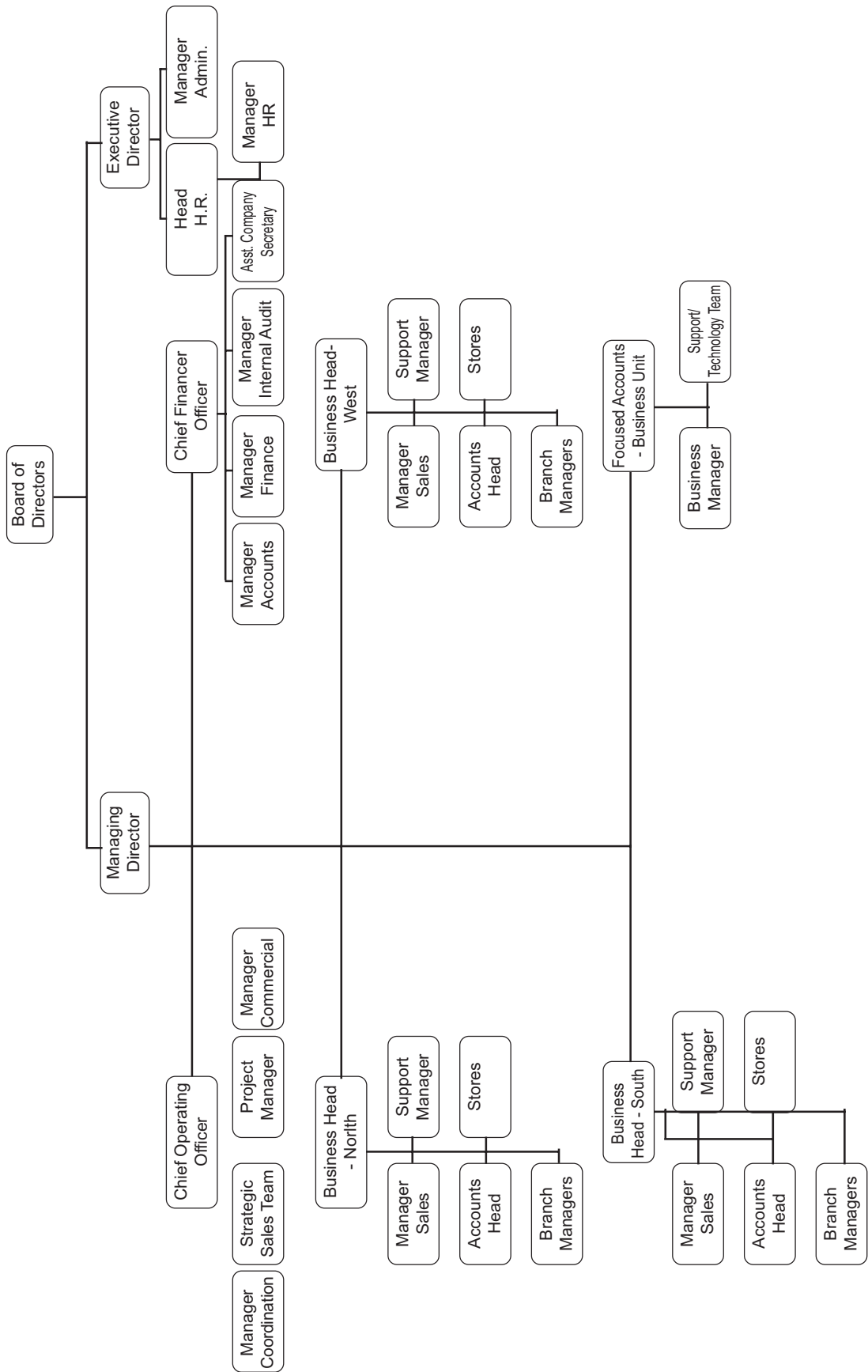
Changes in the Directors

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name	Date of Appointment	Date of Cessation	Reason for change
Lt. Col. (Retd.) H.S. Bedi	20.09.2002	NA	Retired by Rotation , and being eligible to offer himself for reappointment in the ensuing Annual General Meeting
Mr. Deepinder Singh Bedi	20.09.2002	NA	Appointed as Additional Director w.e.f. 14.12.2001 hold upto the date of ensuing Annual General Meeting, and thereby appointed as director of the company
Ms. Sukhmani Bedi	01.08.2003	NA	Appointed as Additional Director
Mrs. Maninder Bedi	27.09.2003	NA	Retired by Rotation , and being eligible to offer herself for reappointment in the ensuing Annual General Meeting
Ms. Sukhmani Bedi	27.09.2003	NA	Appointed as a Additional Director w.e.f. 01.08.2003 , hold upto the date of ensuing Annual general Meeting, and thereby appointed as a directors of the company
Mr. Deepinder Singh Bedi	14.09.2004	NA	Retired by Rotation , and being eligible offers himself for reappointment in the ensuing Annual General Meeting
Mr.Chandahas Kutty	19.03.2005	NA	Appointed as Additional Director and confirmed as Director liable to retire by rotation at the AGM held on 12.08.2005
Mr. Rajesh Gulshan	19.03.2005	NA	Do
Mr. Rajesh Pandita	19.03.2005	NA	Do
Lt. Gen. Retd. AN Sinha	13.07.2005	NA	Do

ORGANISATION STRUCTURE

ORGANISATION STRUCTURE



Key managerial personnel.

As on October 31, 2005, the Company had 690 employees. We enjoy cordial relationships with our employees and currently have no major labour issues.

Name	Designation/Nature of Duties	Qualification	Job responsibilities	Experience	Date of commencement of employment	Previous employment and position held
Dinesh Kaushal	Chief Finance Officer cum Company Secretary	B.Com, FCA, FCS	Overall in charge of Finance, Accounts, Secretarial and Taxation functions.	13 years	15.03.2000	Supreme Strips Ltd Manager Finance & Accounts
Col. (Retd.) R.S. Perhar	Chief Operating Officer	B Com, Diploma in Laser Technology Master Diploma in Military Science, and Diploma in Interviewing Techniques/ Defence institute of Psychological Research	Deployment of resources, oversee operational activities, relationships with vendors and principals, strategic planning, fixation and implementation of budgets.	26 years	15.02.2004	Indian Army
Reeta Jatta	Regional Manager (North)	B.Sc.	Overall in charge of entire north region, Financial Management and Budget control in the region, resource planning and their provision, marketing and liaison with clients, implementing company policies in the region.	12 years	02.07.1993	Started with Tulip as Marketing Executive
Vishwajeet Sinha	Regional Manager (West)	B.Sc. MBA (Marketing)	Overall in charge of entire west region, Financial Management and Budget control in the region, resource planning and their provision, marketing and liaison with clients, implementing company policies in the region.	10 years	01.05.1998	Infinite Software - Senior Marketing Executive
A.Mohan Rangan	Regional Manager (South)	B.Sc. (Physics) PGD in System Management and Advanced Diploma in Computer Service Engineering	Overall in charge of entire south region, Financial Management and Budget control in the region, resource planning and their provision, marketing and liaison with clients, implementing company policies in the region.	10 years	01.03.1996	Ganpathi Systems as Customer Support Engineer
Anuja Mehta	Head - HR	B. Sc., M. A., Diploma in Training and Development	Head - HR. Job responsibilities include recruitment, training and media planning	14 years	19.05.2005	Self Employed

Name	Designation/Nature of Duties	Qualification	Job responsibilities	Experience	Date of commencement of employment	Previous employment and position held
Vikas Chauhan	Manager Sales	B.E. (Electronics and Telecommunications)	New market development and co-ordination of suppliers and direct customers, meeting clients and communication with customers, planning of new strategies	10 years	15.07.2000	Allied Digital Services Ltd. - Marketing Executive
Deepak Kaul	Manager Enterprise Network	B.E. Electrical and Electronics CCSA, CCNA, MCSE, CNE, ASE	Identifying the prospective clients, meeting clients, communication with customers, co-ordination with technical and support department for preparing quotations.	9 years	15.02.2004	Started with Tulip as Executive Engineer
Anurag Verma	Manager Technical Support	BSc (Computer Science) and MCA	Planning and implementation of new projects and past sales support activities for the Northern Region, Evaluation of new products, pre-sales solutions, pre-sales support.	5 years	02.03.2001	Started with Tulip as Project Engineer
Mini Narayan	Manager Marketing Support	B Com LLB Diploma in Personal Manager Diploma in Public Speaking	Handling customer enquiries, submitting quotations, negotiations, closures & collections, assisting marketing teams, handling recruitments of personnel for Western Region	10 years	01.05.1996	Magus Marketing, Mumbai - Executive (Telemarketing)
Tushar Dave	Technical Manager	Cisco Sales Expert (CSE), Cisco Wireless Specialization, MCSE, CNE, Certificate Course in Oracle7/Developer 2000	Leading Technology Solutions Group, Customer Relationship Management, Management of Projects Team Designing and Implementing connectivity solutions and HR Recruitment functions.	11 years	27.10.2001	Tata Finance Limited- Project Manager- Network Support
Kamal Jain	Manager Accounts	B.Com, ICWA	In charge of Corporate Accounts, Taxation matters	10 years	14.11.2000	Urveshi Enterprises Ltd.
Manish Shukla	Manager Finance	B. Com, ICWA	Fund Management, MIS, Internal control functions	8 years	10.06.2003	Godavari Shilpkala Limited- Financial Controller
Vinod Nair	Manager Internal Audit	B. Com	Overseeing Branch accounts and performing Internal Audit functions.	13 years	14.11.1992	Cear India Multitronics Pvt. Ltd.- Accountant

Name	Designation/Nature of Duties	Qualification	Job responsibilities	Experience	Date of commencement of employment	Previous employment and position held
Sachin Verma	Asst. Company Secretary	B.Com (Hons), ACS	In charge of all company law matters & secretarial function. Assisting in legal matters.	2 years	25.04.2005	J.K. Agents Limited- Company Secretary
John Verghese	Branch Head - Bangalore	BA, M Sc, Sr. Level Defence Management Course, Master in Personnel Management , Industrial Security, Safety and fire protection management.	Overall in charge of entire Karnataka region, resource planning and their provision, marketing and liaison with clients, implementing company policies in the Branch	24 years	16.07.2005	Indian Army

Brief profile of the Key Managerial personnel is as under:

Reeta Jatta, Regional Manager - North: She joined the company in 1993 and has been in the company since then rising from a technical support executive to take over as the Regional Manager in 1997. Hailing from Srinagar, she is extremely aggressive in her approach and completely client and profit centric. She leads the Northern Region from the front. A well known figure in the IT industry in the North.

Vishwajeet Sinha, Regional Manager - West & East: He joined the company in 1995 as a sales executive. He has been responsible for a large number of crucial wins for the company in the West. He took over as the Regional Manager in 1998. His quiet demeanour hides an extremely efficient and progressive persona. He leads a very progressive team that has developed a very healthy respect among their clientele and partners.

Mohanrangan, Regional Manager - South: Joined Tulip as a technical support executive and has grown to become the Regional Manager, South. He is extremely knowledgeable and leads from the front. The south traditionally has not contributed its due share to the company.

Dinesh Kaushal. Chief Finance Officer cum Company Secretary: A Chartered Accountant and Company Secretary, Dinesh Kaushal has had a rich and varied experience in different industries. He is charged with four roles:

- Ensure that the company need not look over its shoulders for funds;
- Exercise effective financial control;
- Long term business areas of the company;
- Look after the progressive aspects, and other areas of interest to the business of the company

Col. R.S.Perhar, Chief Operating Officer : Had joined the Company on 15th February, 2004 after serving in the Army for more than 26 years and is responsible for Strategic Planning, Fixing and Implementation of budgets and building relationships with Vendors and principals.

Anuja Mehta, Head HR : Has recently joined the Company as HR Head. She has a rich and varied experience in Competency Mapping, Training Need Analysis and all aspects of Organisational Development. She had imparted training to all levels of management of big Companies like Maruti Udyog Limited, HCL, IBM Daksh, NIIT Smart Serve.

Vikas Chauhan, Manager Sales : He is been with the Company since 1997. He is a young and dynamic person and has bagged many big orders for the Company. He is reporting to Regional Manager, North and there is a team of around 10 people working under him.

Deepak Kaul, Manager Enterprise Network : He is a B.E.,CCNA, CCSA, MCSE, CNE, ASE . He joined the Company as Network Engineer and also worked as Manager Technical Support for 4 years. His main responsibilities includes providing, developing and implementing Information Technology Solutions. He heads a team of 15 sales executives.

Anurag Verma, Manager Technical Support : He is an MCA from MP Bhoj University, Bhopal. He joined the Company as Project Engineer in March, 2001 and also worked as Manager- Pre Sales. He is young and have the expertise in designing and Implementing Solutions for Enterprise / Carrier Class Networks.

Mini Narayan, Manager Marketing Support : She joined the Company in August 1996 and at present is responsible for Marketing, operations and Recruitment functions for the Western Region.

Tushar Dave, Technical Manager : Has joined the Company on 27th October, 2001 and at present is mainly responsible for Technology Sales, Customer Relationship Management, Designing & Implementing Connectivity Solutions for customers. He is also responsible for HR Recruitment functions to some extent.

Kamal Jain, Manager Accounts : He is a commerce graduate and a Cost Accountant. He joined the Company five years back and is looking after Corporate Accounts and Taxation matters of the company.

Manish Shukla, Manager Finance : He too is a Commerce Graduate and Cost Accountant. He is looking after funds management and Management Information Systems (MIS). He is with the Company since 2 years.

Vinod Nair, Manager Internal Audit : He is the first employee of the Company and with the Company since 12 years. At present he is looking after the Branch Accounts and Internal Audit Functions of the company.

Sachin Verma, Asst. Company Secretary : He is a Commerce Graduate and a Company Secretary. He joined the Company almost 4 months back and is responsible for all Company Law Matters and Secretarial functions. He also assists in the legal matters of the Company.

John Verghese: He has joined the Company on 16th July 2005 after serving in Indian Army for 24 years. He has been given the responsibility for resource planning, marketing and implementing company policies in the entire Karnataka region.

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

None of the Employees hold any shares in the Company.

None of the key personnel mentioned above are related to the Promoters/Directors of the Company other than Mrs Reeta Jatta, who is wife of Mr.Rajesh Pandita, Director of the Company.

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

Compensation paid to key managerial personnel for the financial year 2004-05:

Sl.No.	Name	Compensation paid (Rs.)
1.	Dinesh Kaushal	7,34,400
2.	Col. (Retd.) R.S. Perhar	1,94,400
3.	Reeta Jatta	7,94,400
4.	Vishwajeet Sinha	18,14,400
5.	A.Mohan Rangan	6,14,400
*6.	Anuja Mehta	N.A.
7.	Vikas Chauhan	4,20,000
8.	Deepak Kaul	5,84,400
9.	Anurag Verma	4,20,000
10.	Mini Narayanan	4,15,200
11.	Tushar Dave	4,34,400
12.	Kamal Jain	2,40,000
13.	Manish Shukla	2,48,000
14.	Vinod Nair	3,00,000
*15.	Sachin Verma	N.A.
*16.	John Verghese	N.A.

● **Joined after 31.03.2005**

Bonus or profit sharing plan for the Key Managerial Personnel

No portion of the compensation was paid pursuant to a bonus or profit sharing plan.

Changes in key managerial personnel during the preceding three years

No changes in the key managerial personnel during the last 3 years other than the following:

Sl. No.	Name	Appointment/Resignation
1.	Col. (Retd.) R S Perhar	Appointed as Chief Operating Officer
2.	Anuja Mehta	Appointed as Head HR
3.	Sachin Verma	Appointed as Asst. Company Secretary
4.	Col. (Retd.) T.S.Gururaj	Resigned
5.	John Verghese	Appointed as Branch Head, Bangalore

Disclosure regarding the Employee Stock Option Plan

There is no employee stock option plan as on date in the Company.

Payment/benefit to the officers of the company.

There is no payment or benefit to be given to the Officers of the Company other than the Salary.

5. PROMOTERS



Lt Col Hardeep Singh Bedi (Retd.) S/o Late. Maj K S Bedi, aged 52, National Defence Academy qualified. Commissioned in the 72 Armored Regiment of the Indian Army, Col. Bedi took early retirement from the Army to start his own company to utilise his entrepreneurship skills in the field of IT. During his 22 year experience in the Army, Col. Bedi worked as an instructor in the Army's Faculty of Computer Technology at MCTE, Mhow, worked with the Chief of Army Staff, and at the Army Headquarters to coordinate the Army's automation. He was awarded the 'Vishisht Seva Medal' (VSM) by the President of India for his role in the computerization of the Army. Today, he is a well-known figure in the IT industry and has vast experience in this field. Under his able guidance and strategic vision, Tulip has achieved success in its short span of 13 years.

Bank Account	Standard Chartered Bank, South Extn Part - II, Delhi. Saving A/c No. 528-1-000288-0E8577350
Voter ID :	Voter ID : DL/01/004/291035
Driving License No. :	Driving License No. : P09102003306109
PAN No	AEEP6057Q
Pass Port No	E8577350



Mrs. Maninder Bedi

Mrs. Maninder Bedi w/o Lt Col H S Bedi aged 54, a Post Graduate in Chemistry, with diplomas in Computer Applications and Industrial Management from the Directorate of Small Scale Industries. She is involved in the Company as head of the Administration and Human Resource functions.

Bank Account	Federal Bank, Greater Kailash, Part - 1, New Delhi Saving A/c - 5119
Voter ID :	Voter ID : DL101/004/291036
Driving License No. :	Driving License No. : P00102003306108
PAN No	AAHPB1620Q
Pass Port No	B1000530

Permanent Account No., Bank Account No. and Passport No. of the promoters have been submitted NSE and BSE at the time of filing the Draft Red Herring Prospectus with them.

Other than what has been disclosed under the section "Legal and Other Information" appearing on page no. 150 of this Prospectus:-

- there are no pending litigations/disputes/overdues/default to the financial institutions/Banks and instances of non-payment of statutory dues by the promoters and the companies/firms promoted by the Company.
- there are no pending litigations, disputes, defaults etc., in respect of companies to which the promoters were associated in the past but are no longer associated.
- there are no litigations against the promoters or directors involving violation of statutory regulations or a criminal case. There are no pending proceedings initiated for economic offences against the Directors, the promoters, companies and firms promoted by the promoters.
- they have no outstanding litigations, disputes pertaining to matters likely to effect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

Common pursuits:

Cedar Infonet Pvt Ltd, Encore Technologies Pvt Ltd and Sukhmani Technologies Pvt Ltd are into trading of networking equipment, an activity Tulip is also engaged in.

Payment or benefit to promoters of the company

No amount or benefit has been paid or given to the Company's Promoters since the incorporation of the Company nor is intended to be paid or given to any promoter of the Company except their normal remuneration and /or reimbursement for services as Directors of the Company or otherwise in accordance with Law.

Related party transactions.

Please refer to "Related Party Disclosures" as mentioned under Annexure XIV of the Auditors report given on page nos.116 in this Prospectus.

Currency of presentation and Exchange rates

In this Prospectus all reference to 'Rupees' or 'Rs' are legal currency of India and reference to '\$' or 'Dollar' are legal currency of United States of America.

This Prospectus contains translation of some US Dollars into Rupee amount which should not be construed as a representation that those Rupee or US Dollar amounts could have been, or could be, converted into Indian Rupees/ US Dollars, as the case may be, at any particular rate, the rates stated below, or at all. Except as otherwise stated in this Prospectus all translations from Indian Rupees to US Dollars contained in this Prospectus have been based on the rate given by the Reserve Bank of India.

The following table sets forth, for each period indicated, information concerning the number of rupees for which one US Dollar could be exchanged at the rate given by the Reserve Bank of India.

In this Prospectus, US Dollar amount have been translated into Rupees for each period and presented solely to comply with the requirements of the Clause 6.9.7.1 of the SEBI Guidelines. Investors are cautioned not to rely on such translated amount.

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Half yearly ended September 30, 2005
Period end	47.50	43.49	43.75	44.05

6. Dividend policy

The declaration and payment of dividends will be recommended by the Board of Directors and shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

SECTION V - FINANCIAL STATEMENTS**1. FINANCIAL INFORMATION**

Statements of Assets and Liabilities and Profit & Losses, as restated, under Indian GAAP for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and for the half year ended September 30, 2005

AUDITORS' REPORT

The Board of Directors
Tulip IT Services Limited
C-160, Okhla Industrial Area, Phase-I,
New Delhi - 110020

- a) We have examined the annexed financial information of Tulip IT Services Ltd. for the five financial years from financial year ended March 31, 2001 to financial year ended March 31, 2005 and for six months period from April 1, 2005 to September 30, 2005 being the last date to which the accounts of the Company have been made up and audited. The Financial information is based on the accounts audited by us for the above-mentioned period. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit. These accounts were approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the issue').
- b) In accordance with the requirements of :
- (i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (iii) Our terms of reference with the Company dated October 20, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid.

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

- i. The restated profits/losses of the Company for the above-mentioned period are as set out in Annexure I to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the accounting policies and Notes thereon appearing in Annexure IV to this report.
- ii. The restated assets and liabilities of the Company as at March 31, 2001, 2002, 2003, 2004 and 2005 and September 30, 2005 are as set out in Annexure II to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Accounting Policies and Notes thereon appearing in Annexure IV to this report.
- iii. Statement of Cash Flow enclosed as Annexure III to this report.
- iv. The Company has not distributed dividend on Equity shares for any of the financial years.
- v. Statement of secured loans outstanding as at above-mentioned years enclosed as per Annexure V & security of loan outstanding as at 30.09.2005 is given in Annexure VI itself.
- vi. The statement of Profit & Loss and Assets & Liabilities after making the adjustment of prior period items in the relevant years is enclosed as per Annexure VII & VIII.
- vii. There is no change in accounting policies in the concerned years.
- viii. Accounting Ratios as appearing in Annexure IX to this Report;

- ix. Capitalization statements as at September 30,2005 and March 31, 2005 as appearing in Annexure X to this report;
- x. There was no Unsecured Loans outstanding as at 30.09.05 and 31.03.05 (including that from related parties), as appearing in Annexure XI;
- xi. Statement of tax shelters as appearing in Annexure XII to this report;
- xii. For details contingent liability as at 30.09.05 and 31.03.05 to be referring note no. 1 of notes of accounts enclosed here with as per Annexure No. IV.
- xiii. Age wise detail of sundry debtors for above-mentioned period is given as per Annexure XIII.
- xiv. Break-up of loans & advances for above mentioned period is given as per Annexure XIV.
- xv. Statement of investments at the end of above mention period is enclosed as per Annexure XV.
- xvi. Detail of transaction with the related parties (Related parties with in the meaning of AS 18 issued by ICAI) enclosed as per Annexure XVI.
- xvii. Statement of Other Income enclosed as Annexure XVII to this report.

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure IV to this report, after making adjustments/restatements and regroupings as considered appropriate and has been prepared in accordance with Part II of schedule II of the Act and the SEBI guidelines.

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

For R. CHADHA & ASSOCIATES

**RAKESH CHADHA
PARTNER
M. No. 83135**

**PLACE: NEW DELHI
DATED 7TH November, 2005**

Annexure - I

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT

(Rs. In lacs)

Period ended on	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Income						
Sales:						
Sales	4,193.07	7,136.28	20,287.81	27,466.68	34,220.60	19,553.44
Other Income	7.02	2.23	12.83	17.52	63.21	22.06
Total Income	4,200.09	7,138.51	20,300.64	27,484.20	34,283.81	19,575.50
Expenditure						
Raw materials & goods consumed	3,686.91	6,322.38	19,116.81	25,204.39	30,882.46	16,046.84
Staff Costs	140.09	246.68	386.97	535.11	645.32	415.82
Administrative & Other Expenses	133.10	215.72	249.12	582.21	594.93	515.19
Selling & distribution expenses	79.12	44.72	46.91	69.81	103.27	146.92
Finance Expenses	47.96	64.78	89.30	214.53	353.19	305.48
Miscellaneous expenditure written off	0.03	0.13	0.44	0.44	1.04	1.01
Total expenditure	4,087.21	6,894.41	19,889.55	26,606.49	32,580.21	17,431.26
Net Profit Before Tax, Depreciation and Prior Period Items	112.88	244.10	411.09	877.71	1,703.60	2,144.24
Depreciation	20.09	32.98	40.90	71.35	99.62	61.49
Net Profit Before Tax, Depreciation and Prior Period Items	92.79	211.12	370.19	806.36	1,603.98	2,082.75
Provision for taxation	10.54	22.19	124.52	130.32	265.10	410.92
Tax Paid/Provisions Written back for the previous years	0.00	26.18	4.73	14.78	(52.29)	0.00
Net Profit After Tax & before prior Period Items	82.25	162.75	240.94	661.26	1,391.17	1,671.83
Prior Period Items	0.00	6.00	(1.47)	0.00	(0.18)	0.00
Balance carried to Balance sheet	82.25	168.75	239.47	661.26	1,390.99	1,671.83

Annexure - II

STATEMENT OF RESTATED ASSETS AND LIABILITIES

	As at	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
A.	Assets						
	Fixed Assets- gross block	245.77	346.49	532.21	822.01	2,266.95	2,583.69
	Less: Depreciation	63.56	96.54	137.44	208.79	305.34	366.83
	Net Block	182.21	249.95	394.77	613.22	1,961.61	2,216.86
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	182.21	249.95	394.77	613.22	1,961.61	2,216.86
B.	Investments	0.00	0.00	0.98	2.10	2.10	2.10
C.	Current assets, loans and advances Inventories						
	Receivable	224.81	214.66	308.45	1,843.01	2,056.31	2,462.38
	Cash and bank balances	457.20	1,020.12	1,703.25	3,937.34	6,016.13	6,333.29
	Other current assets	55.83	154.64	182.59	304.69	881.39	1,292.14
	Loans and advances	21.80	66.08	395.51	178.50	118.09	220.55
		120.64	123.19	111.13	77.42	120.35	197.26
	Total - A	880.28	1,578.69	2,700.93	6,340.96	9,192.27	10,505.62
	Current liabilities and provisions						
	Sundry liability	335.00	727.84	1,598.53	2,647.59	3,600.95	2,692.67
	Provisions	151.79	116.15	259.36	1,159.98	586.44	703.63
	TOTAL - B	486.79	843.99	1,857.89	3,807.57	4,187.39	3,396.30
	Net Current Assets (A-B)	393.49	734.70	843.04	2,533.39	5,004.88	7,109.32
	Total Assets	575.70	984.65	1,238.79	3,148.71	6,968.59	9,328.28
D.	Liabilities and provisions						
	Loan funds						
	Working Capital Loans	221.02	355.11	333.31	1,153.92	1,958.04	2,084.41
	Secured loans	31.84	28.68	63.80	74.17	258.02	1,823.87
	Unsecured loans	21.09	32.18	0.00	0.00	0.00	0.00
	TOTAL	273.95	415.97	397.11	1,228.09	2,216.06	3,908.28
E.	Net worth	301.75	568.68	805.20	1,861.71	4,653.07	5,291.57
	Represented by:						
	Shareholders funds						
	Share capital	40.02	200.00	500.00	1,200.00	1,200.00	2,000.00
	Share application Money Pending Allotment	60.90	0.00	0.00	0.00	1,400.00	0.00
	Share Premium Account	-	-	-	-	-	1,200.00
	Reserves and surplus	200.94	369.69	309.16	670.42	2,061.41	3,133.25
	Less: Revaluation Reserve						
	Reserves (Net of Revaluation Reserve)	200.94	369.69	309.16	670.42	2,061.41	3,133.25
	Less: miscellaneous expenditure not written off	0.11	1.01	3.96	8.71	8.34	1,041.68
	Total	301.75	568.68	805.20	1,861.71	4,653.07	5,291.57

Annexure - III

STATEMENT OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENTS

		For the Period Ended					
		31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
A	Cash flow from operating activities						
	Net (loss)/profit before tax but after exceptional/extraordinary items	92.79	184.94	365.45	806.36	1,603.99	2,082.76
	Adjustments for:-						
	Depreciation	20.09	32.98	40.90	71.34	99.62	61.49
	Interest Expenses	47.95	64.78	89.30	214.53	353.19	305.49
	Interest Income	(2.65)	(0.99)	(6.00)	(11.07)	(25.48)	(11.05)
	Lease Rent-Finance Lease (Profit)/Loss on Sales of Fixed Assets Sold					1.84	0.00
	(Profit)/Loss on Sale of Investment Sold						
	Miscellaneous Expenditure written off	0.02	0.13	0.45	0.45	1.04	1.01
	Deferred Revenue expenditure written off						
	Provision for Bad & Doubtful Debts						
	Provision for Gratuity & Leave Encashment						
	Provision for Tax	(10.54)	(22.19)	(88.04)	(107.89)	(224.55)	(381.95)
	Prior Period Expenses/ (Income) Net						
	Other Provisions						
	Exceptional/Extraordinary items (Expenses)/Income						
	Any other non cash Item						
	Operating Profit before working capital changes	147.66	259.65	402.06	973.72	1,809.65	2,057.75
	Adjustments for changes in working capital:						
	(Increase)/Decrease in Sundry Debtors	(213.65)	(562.92)	(683.13)	(2,234.08)	(2,078.80)	(317.16)
	(Increase)/Decrease in other Receivable	(71.27)	(46.82)	(317.38)	250.36	17.86	(179.37)
	(Increase)/Decrease in Inventories	156.63	10.16	(93.80)	(1,534.56)	(213.29)	(406.07)
	Increase/(Decrease) in Trade and Other Payables	30.91	357.18	1,013.91	1,949.66	219.83	(791.09)
	Cash generated from operations	50.28	17.25	321.66	(594.90)	(244.75)	364.06

		For the Period Ended					
		31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
	Taxes (Paid)/Received (Net of TDS)	-	-	-	(14.78)	53.49	0.00
	Prior Period(Expenses/Income Extraordinary/Exceptional Item (Expenses)/Income	(Net)	6.00	(1.47)	0.00	(1.38)	0.00
	Net Cash from Operating Activities	50.28	23.25	320.19	(609.68)	(192.64)	364.06
B	Cash flow from Investing Activities						
	Purchase of fixed assets	(107.21)	(100.73)	(185.71)	(289.80)	(1,453.90)	(319.30)
	Proceeds from sale of fixed assets	-	-	-	-	4.05	2.56
	Capital Work in progress						
	Proceeds from sale of Investments						
	Purchase of Investments			(0.98)		(1.13)	
	Deposit with bank	(23.07)	(70.84)	(48.86)	(103.86)	(585.95)	(409.46)
	Interest Received (Revenue)	2.65	0.99	6.00	11.07	25.48	11.05
	Dividend Received	-	-	-	-	-	-
	Amount paid on acquisition/ Investment in Subsidiaries	-	-	-	-	-	-
	Any other Items	-	(1.02)	(3.40)	(5.20)	(0.67)	(1,034.36)
	Net cash used in Investing activities	(127.63)	(171.60)	(232.95)	(388.92)	(2,010.99)	(1,749.51)
C	Cash flow from Financing Activities						
	Proceeds from fresh issue of Share Capital (Including Share Premium)	60.90	99.08	-	400.00	1,400.00	-
	Advance against equity shares	-	-	-	-	-	-
	Net Proceeds from long term borrowings	25.92	-3.16	35.12	10.37	343.85	65.85
	Net Proceeds from short terms borrowings	15.06	11.09	(32.18)	-	-	1,500.00
	Proceeds from fixed deposits (NET)						
	Proceeds from Cash Credits (NET)	39.94	134.09	(21.79)	820.61	804.11	126.37
	Interest Paid	(47.95)	(64.78)	(89.30)	(214.53)	(353.19)	(305.48)
	Interest Paid-Capitalised	-	-	-	-	-	-
	Net Cash used in financing Activities	93.87	176.32	(108.15)	1,016.45	2,194.77	1,386.74
	Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	16.52	27.97	(20.91)	17.85	(8.86)	1.29
	Cash and Cash Equivalents at the beginning of the year/period	6.55	23.07	51.04	30.13	47.98	39.12
	Cash and Cash Equivalents at the end of the year/period	23.07	51.04	30.13	47.98	39.12	40.41

SIGNIFICANT ACCOUNTING POLICIES**A Basis for preparation of financial statements:**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All Income and expenditures having material bearing on the financial statements are recognised on accrual basis.

The preparation of financial statement in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include, provisions for doubtful debts and the useful lives of fixed assets. Actual results could differ from those estimates.

B Revenue Recognition:

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis excepts in case of significant uncertainties. The principles of revenue recognition are given below:

- I Revenue from sales is recognised upon the shipment of the products.
- II Income form annual maintenance and facilities management contracts is accounted for in the ratio of the period expired to the total period of contract and amount received from customers towards unexpired portion of annual maintenance contracts is shown as advances received from customers which is accounted as income in the following financial year(s).
- III Revenue from services rendered is recognized as and when the services are performed.
- IV Income from turnkey projects is recognised as percentage and proportion to work completion and balance would be included in the closing stock.

C Fixed Assets and Depreciation:**I Fixed Assets:**

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. Cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Any gains or losses on account of exchange difference either on settlement or translation where they relate to the acquisition of fixed assets are adjusted to the carrying cost of such assets.

II Depreciation:

The depreciation on fixed assets is provided using the straight line method as per Schedule-XIV of the Companies Act, 1956.

D Miscellaneous Expenses (Preliminary Expenses):

The expenditures incurred on formation of company and addition to authorised capital are amortised over a period of 10 years.

E Inventories:

Inventories are valued at the lower of cost or net realisable value.

F Foreign Currency Transactions:

- I Transaction denominated in foreign exchange are recorded at the exchange rate prevailing at the time of the transaction.
- II Monetary items denominated in foreign currencies at the year ended and not covered by forward exchange contracts are translated at year end and in respect of those covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account.

- III Non-monetary foreign currency items are carried at cost.
- IV Any gain or losses on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost such assets.

G Research and Development:

Revenue expenditure on Research and Development is charged off to Profit and Loss Account in the year in which it is incurred.

Capital expenditure on Research and Development is shown under the relevant fixed assets and depreciation is provided as given in note no. 1 (c) (ii) above.

H Retirement benefits:

I Provident Fund and Family Pension:

Contribution to Provident Fund and Family Pension Fund is charged to Profit & Loss account of the year when the contribution to respective funds are due.

II Gratuity:

In respect of gratuity, it will be provided for at the time of payment on actual basis.

III Leave Encashment:

Since there is no policy of leave encashment prevailing in the company as on date . henceforth ,It will be provided for at the time of leave encashment payment on actual basis.

I Income Tax:

Provision is made for Current Tax on the basis of taxable income for the current accounting year in accordance with the provision applicable under Income Tax Act- 1961 with respect to that accounting year.

Deferred tax liability on account of timing differences between the book profit and the taxable profits for the year is accounted for using the tax rates as applicable as on the balance sheet date.

Deferred tax assets arising on account of timing differences are recognised to the extent there is virtual certainty that these would be realized in the future.

Deferred Tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

J Income from Investments:

Income from investments, where appropriate, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

K Borrowing Cost:

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualified asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

L Modvat/Cenvat (Excise Duty/ Service Tax):

Modvat/Cenvat claimed on capital assets is credited to assets/ capital work in progress account. Modvat/ Cenvat on purchase of raw material and other materials and services are deducted for the cost such material and services.

The policies not specifically mentioned above are in agreement with the Accounting Standards issued by the Institute of Chartered Accountants of India.

NOTES ON ACCOUNTS

Annexure IV

1. Contingent Liabilities not Provided for

Rs. In lacs

	As on 30.09.05	As on 31.03.05	As on 31.03.04	As on 31.03.03	As on 31.03.02	As on 31.03.01
I Outstanding Bank Guarantees:	1,246.54	653.30	232.24	82.08	26.57	50.00
II Claims against the company not acknowledge as debt.	17.31	17.31	17.31	17.31	17.31	17.31

III The Company has filed civil and criminal suit for the recover of its debts against some Debtors. No provision for the same has been made, however the same has been disclosed as doubtful debts.

2. Auditors Remuneration is as under: -

Amount in Rs.

	Half Year ending 30.09.05	As on 31.03.05	As on 31.03.04
Statutory Audit fee	104,690.00	209,380.00	150,000
Tax Audit Fee	0.00	55,100.00	30,000
Certification Fee - IPO	102,000.00		
Total	206,690.00	264,480.00	180,000

3. Qualification in Auditors' Report

For the Financial Year 2003-04

Income Tax due of Rs. 11,40,897/- pertaining to the financial year 1996-97. These dues were paid on 30.03.2005

For the Financial Year 2004-05

Un-disputed sales tax dues of Rs. 2,94,100/- are outstanding for period exceeding six months. these dues were paid on 30 th June 2005 and 2nd July 2005

4. The Break-up of the Expenditures on Employees getting remuneration:-

	Current Year		Previous	
	No. of employees	Salary Paid (Rs./Lacs)	No. of employees	Salary Paid (Rs./Lacs)
Not less than Rs. 24.0 lacs p.a.	-	-	-	-
Not less than Rs.2.0lacs p.m.	-	-	-	-

- In the opinion of the management and to the best of their knowledge and belief the realisable value of current assets, loans and advances if realised in ordinary course of business would not be less than the amount at which they are stated in the balance sheet. The company has filed suits for recovery of debt against certain clients but relying on the opinion of the advocates these have been considered as fully realisable, however some has been classified as doubtful debt amounting Rs.20,53,234/-.
- Under the head Current Liabilities, no separate disclosure is made for outstanding payments due to SSI units as the status of the creditors could not be ascertained. Accordingly, names of SSI units to whom company owes a sum of exceeding Rs. 1.00 lacs outstanding for more than 30 days is not disclosed.
- Balances of Debtors and Creditors are subject to confirmation.
- The figures of the previous year are regrouped/ reclassified wherever necessary to make them comparable with that of the current year.
- Figures in brackets relate to the previous year unless otherwise stated.

10. AMC Billed but not accrued at the closing of accounting year has been reduced from the Gross amount of Sundry Debtors due as on the date of Balance Sheet and Service Charges accrued but not billed has been added in the Gross amount of Sundry Debtors.
11. There are no other material notes to the auditors' report which has bearing on the financial status of the company.
12. There are no adjustments which are brought out by the auditors and are not provided for.

SEGMENT REPORTING

The Company has identified three reportable segments viz. Hard ware and Net working equipment, corporate net work/ data services and services have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies.

- a. Revenue and expenses have been identifies to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relates to enterprises as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b. Segment assets and liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as " Unallocable".

c. Segment Information:

(i) Primary Segment Information:

Rs. in lacs

	Network Integration Business					Corporate Network / Data Services				
	30.09.05	31.03.05	31.03.04	31.03.03	30.03.02	30.09.05	31.03.05	31.03.04	31.03.03	30.03.02
Segment Revenue:										
-External Turnover.	15,851.32	30,673.68	26,368.12	19,634.60	6,513.87	2,567.56	1,577.72	0.00	0.00	0.00
Total Turnover.	15,851.32	30,673.68	26,368.12	19,634.60	6,513.87	2,567.56	1,577.72	0.00	0.00	0.00
Segment Result before Interest, Extra ordinary items and Taxes.										
Less:- Interest Expense.										
Add:- Interest Income.										
Profit before Extra ordinary items and taxes.										
Extra ordinary Income.										
Profit Before Tax.										
Current Tax.										
Deferred Tax.										
Net Profit After Tax.										
Other Information.										
Segment Assets.										
Segment Liabilities.										
Capital Expenditures.										
Depreciation.										
Non Cash Expenses other than Depreciation.										

	AMC/FMS and Other Services					TOTAL/Unallocable				
	30.09.05	31.03.05	31.03.04	31.03.03	30.03.02	30.09.05	31.03.05	31.03.04	31.03.03	30.03.02
Segment Revenue:										
-External Turnover.	1,134.65	1,969.18	1,098.55	659.74	632.99	19,553.53	34,220.58	27,466.67	20,294.34	7,146.86
Total Turnover.	1,134.65	1,969.18	1,098.55	659.74	632.99	19,553.53	34,220.58	27,466.67	20,294.34	7,146.86
Segment Result before Interest, Extra ordinary items and Taxes.						2,399.29	1,982.66	1,031.95	465.48	276.88
Less:- Interest Expense.						305.48	353.19	214.52	89.29	64.78
Add:- Interest Income.						11.05	25.48	11.06	6.00	0.98
Profit before Extra ordinary items and taxes.						2,082.76	1,654.95	828.49	382.19	213.08
Extra ordinary Income.										
Profit Before Tax.						2,082.76	1,654.95	828.49	382.19	213.08
Current Tax.						381.95	224.55	107.89	88.04	22.19
Deferred Tax.						28.97	40.55	22.43	36.48	
Net Profit After Tax.						1,671.84	1,389.85	698.17	257.67	190.89
Other Information.										
Segment Assets.						12,724.59	11,164.32	6,964.98	3,100.65	1,829.64
Segment Liabilities.						3,236.33	4,027.39	1,857.91	1,857.91	844.00
Capital Expenditures.						2,216.85	1,961.61	613.23	532.20	346.49
Depreciation.						61.49	99.62	71.35	40.90	32.97
Non Cash Expenses other than Depreciation.						1.01	1.04	0.45	0.45	0.13

Secondary Segment Information:

1. Segment Revenue -External Turnover.	30.09.05	31.03.05	31.03.04	31.03.03	30.03.02
-Within India.	19,553.53	34,220.58	27,466.67	20,236.47	7,127.32
-Outside India.				57.87	19.54
Total Revenue	19,553.53	34,220.58	27,466.67	20,294.34	7,146.86
2. Segment Assets					
-Within India.	12,724.59	11,164.32	6,964.98	3,077.71	1,806.70
-Outside India.				22.94	22.94
Total Assets.	12,724.59	11,164.32	6,964.98	3,100.65	1,829.64
3. Segment Liability					
-Within India.	3,236.33	4,027.39	1,857.91	1,857.91	844.00
-Outside India.				0.00	0.00
Total Liabilities	3,236.33	4,027.39	1,857.91	1,857.91	844.00
4. Capital Expenditures					
-Within India	2,216.85	1,961.61	613.23	532.20	346.49
-Outside India					
Total Liabilities	2,216.85	1,961.61	613.23	532.20	346.49

Annexure - V
Details of Secured Loans

(Rs. In Lacs)

Particulars of Loan	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
1 Term Loans						
From Banks						
Bank of India	0	0	0	0	165.73	135.10
Yes Bank Ltd	-	-	-	-	-	1,500.00
Sub Total	0	0	0	0	165.73	1,635.10
2 Working Capital Loans						
Canara Bank	168.74	0	0	349.06	534.28	568.44
Bank of India	0	300.38	333.31	457.58	886.73	957.59
Indian Overseas Bank	0	0	0	347.29	537.03	558.38
Bank of Punjab Ltd	52.28	54.73	0	0	0	0.00
Sub Total	221.02	355.11	333.31	1153.93	1958.04	2,084.41
3 Hire Purchase						
Kotak Mahindra Primus Ltd	8.51	5.88	10.72	18.8	12.86	8.11
Citi Bank Ltd	0	0	7.17	7.39	2.76	1.25
Standard Chartered Bank	1.61	10.41	6.17	3.46	0.91	0.56
ICICI Bank Ltd	0	0	35.09	37.59	218.77	326.07
HDFC Bank Ltd	0	0	0	6.93	14.5	11.04
TVS Financial & Services Ltd	0	0	0	0	2.49	1.74
Avco Financial Services Ltd	7.43	4.07	1.12	0	0	0.00
ABN Amro Bank Ltd	0.54	0.07	0	0	0	0.00
Bajaj Auto Finance Ltd	0.26	0	0	0	0	0.00
G.E. Country Wide Financial	4.75	2.97	1.33	0	0	0.00
Maruti Country Wide Financial	4.21	2.3	0.95	0	0	0.00
HSBC Bank Ltd	4.53	2.97	1.26	0	0	0.00
Sub Total	31.84	28.67	63.81	74.17	252.29	348.77
Total Secured Loan	252.86	383.78	397.12	1228.1	2376.06	4,068.28

Annexure - VI

Details of Secured Loans outstanding as on September 30, 2005

Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest P.A.(%)	Repayment of Terms	Securities offered
Term Loan	Bank of India	demand loan	245.00	135.10	1% over BPLR, Presently 11.75%	8 Quarterly Installment of Rs. 30.63 lacs Interest shall be paid separately as and when due	Secured by way of Equitable Mortgage of the two office Land and Buildings located at Delhi and Mumbai.
Short Term Loan	Yes bank Ltd.	Short Term Loan	1,500.00	1,500.00	YBL PLR minus 0.75% p.a. (Currently YBL PLR 11.75%)	Bullet at the end of one year.	Secured by Sub-serviant charge on the current assets of the company.
Total			1,745.00	1,635.10			
Working Capital Facility	Bank of India	Open cash credit	740.00	957.59	1% over BPLR, Presently 11.75%	Hypothecation of present and future current assets including stock of routers, radios, modems, and their parts	
	Indian Overseas Bank	Open cash credit Guarantee	555.00	558.38	BPLR +0.75 p.a. with monthly rests	and all other networking and computer equipment, book debts etc. IInd charge on the two office	
	Canara Bank	Open Cash credit	555.00	568.44	BPLR+2%, Presently 12.75%	Land and Building located at Delhi and Mumbai.	
Total			1,850.00	2,084.41			
Hire Purchase Loans	Kotak Mahindra Primus Ltd	Hire Purchase Loans		8.11			Secured by Specific Assets
	Citi Bank Ltd	Hire Purchase Loans		1.25			Secured by Specific Assets
	Standard Chartered Bank Ltd	Hire Purchase Loans		0.56			Secured by Specific Assets
	ICICI Bank Ltd	Hire Purchase Loans		326.07			Secured by Specific Assets
	HDFC Bank Ltd	Hire Purchase Loans		11.04			Secured by Specific Assets
	TVS Financial Services Ltd	Hire Purchase Loans		1.74			Secured by Specific Assets
Total				348.77			

* There is no re-schedulement, prepayment, penalty, default etc of the Term Loan

Annexure - VII

STATEMENT OF RESTATED PROFIT AND LOSS

(After Adjusting Prior Period Items in the Relevant Year)

(Rs. In lacs)

	Period ended on	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A	Income						
	Sales:						
	Of Products manufactured by the Company	-	-	-	-	-	-
	Of products traded by the Company	4,187.07	7,130.49	20,291.62	27,474.18	34,272.79	19,564.48
	Other Income	13.02	8.02	9.02	10.02	11.02	11.02
	Total Income	4,200.09	7,138.51	20,300.64	27,484.20	34,283.81	19,575.50
B	Expenditure						
	Raw materials & goods consumed	3,686.91	6,322.38	19,116.81	25,204.39	30,882.46	16,046.84
	Staff Costs	140.09	246.68	386.97	535.11	645.32	415.82
	Administrative & Other Expenses	133.10	217.19	249.12	582.39	594.93	515.19
	Selling & distribution expenses	79.12	44.72	46.91	69.81	103.27	146.92
	Finance Expenses	47.96	64.78	89.30	214.53	353.19	305.48
	Miscellaneous expenditure written off	0.03	0.13	0.44	0.44	1.04	1.01
	Total expenditure	4,087.21	6,895.88	19,889.55	26,606.67	32,580.21	17,431.26
	Net Profit Before Tax, Depreciation and Prior Period Items	112.88	242.63	411.09	877.53	1,703.60	2,144.24
	Depreciation	20.09	32.98	40.90	71.35	99.62	61.49
	Net Profit before tax and Prior Period Items	92.79	209.65	370.19	806.18	1,603.98	2,082.75
	Provision for taxation	10.54	22.19	124.52	130.32	265.10	410.92
	Tax Paid/Provisions Written back for the previous years	0.00	26.18	4.73	14.78	(52.29)	0.00
	Net Profit	82.25	161.28	240.94	661.08	1,391.17	1,671.83

Note: Provision for tax is not recalculated due to prior period adjustment in the relevant year as above.

Annexure - VIII

**STATEMENT OF RESTATED ASSETS AND LIABILITIES
(After Adjusting Prior Period Items in the Relevant Year)**

Rs. In Lacs

	As at	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A.	Assets						
	Fixed Assets- gross block	245.77	346.49	532.21	822.01	2,266.95	2,583.69
	Less: Depreciation	63.56	96.54	137.44	208.79	305.34	366.83
	Net Block	182.21	249.95	394.77	613.22	1,961.61	2,216.86
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	182.21	249.95	394.77	613.22	1,961.61	2,216.86
B.	Investments	0.00	0.00	0.98	2.10	2.10	2.10
C.	Current assets, loans and advances						
	Inventories	224.81	214.66	308.45	1,843.01	2,056.31	2,462.38
	Receivable	457.20	1,020.12	1,703.25	3,937.34	6,016.13	6,333.29
	Cash and bank balances	55.83	154.64	182.59	304.69	881.39	1,292.14
	Other current assets	27.80	66.08	395.51	178.50	118.09	220.55
	Loans and advances	120.64	123.19	111.13	77.42	120.35	197.26
	Total - A	886.28	1,578.69	2,700.93	6,340.96	9,192.27	10,505.62
	Current liabilities and provisions						
	Sundry liability	335.00	727.84	1,598.53	2,647.59	3,600.95	2,692.67
	Provisions	151.79	117.62	259.36	1,160.16	586.44	703.63
	TOTAL - B	486.79	845.46	1,857.89	3,807.75	4,187.39	3,396.30
	Net Current Assets (A-B)	399.49	733.23	843.04	2,533.21	5,004.88	7,109.32
	Total Assets	581.70	983.18	1,238.79	3,148.53	6,968.59	9,328.28
D.	Liabilities and provisions						
	Loan funds						
	Working Capital Loans	221.02	355.11	333.31	1,153.92	1,958.04	2,084.41
	Secured loans	31.84	28.68	63.80	74.17	258.02	1,823.87
	Unsecured loans	21.09	32.18	—	—	0.00	0.00
	TOTAL	273.95	415.97	397.11	1228.09	2376.06	3908.29
E.	Net worth						
	Deferred Tax Liability	0.00	0.00	36.48	58.91	99.46	128.43
	Net worth	307.75	567.21	805.20	1861.53	4493.07	5291.56
	Represented by:						
	Shareholders funds						
	Share capital	40.02	200.00	500.00	1,200.00	1,200.00	2,000.00

Rs. In Lacs

As at	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Share Application Money pending allotment	60.90	0.00	0.00	0.00	1,400.00	0.00
Share premium account	-	-	-	-	-	1,200.00
Reserves and Surplus	206.94	368.22	309.16	670.24	2,061.41	3,133.24
Less: Revaluation Reserve						
Reserves (Net of Revaluation Reserve)	206.94	368.22	309.16	670.24	2,061.41	3,133.24
Less: Miscellaneous Expenditure not written off	0.11	1.01	3.96	8.71	8.34	1,041.68
Total	307.75	567.21	805.20	1,861.53	4,653.07	5,291.56

Annexure - IX

STATEMENT ON ACCOUNTING RATIOS

	For the Year Ended					
	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Weighted average number of equity shares of Rs. 10/-each						
i) Number of shares at the beginning of the year	400,200	400,200	2,000,000	5,000,000	12,000,000	12,000,000
ii) Number of shares at the end of the year	400,200	2,000,000	5,000,000	12,000,000	12,000,000	20,000,000
iii) Weighted average number of Equity Shares	2,401,200	3,600,800	12,000,000	12,500,000	18,000,000	19,666,667
iv) Share Application Money	6,090,000	0	0	0	140,000,000	0
v) Weighted average number of Equity Shares (Diluted)	2,758,283	4,048,533	12,000,000	14,500,000	18,674,877	20,000,000
Net Profit after tax available for equity shareholders	82.25	168.75	239.47	661.26	1,390.99	1,671.83
Basic Earning per Share (EPS) (Rs)	3.43	4.69	2.00	5.29	7.73	17.00
Dilutive Earning per Share (EPS) (Rs)	2.98	4.17	2.00	4.56	7.45	16.72
Return on net worth (%)	27.26%	28.62%	29.92%	35.52%	29.90%	63.19%
Net Asset Value per share (Rs)	75.40	28.43	16.10	15.51	38.78	26.46

Note - 1 - Profit for 6 months have been annualised.

Formulae.

The Ratios have been computed as below:-

- Earning per share (EPS) is calculated after adjusting for 6000000 bonus shares issued, vide resolution passed at the extraordinary general meeting held on 10.06..2005, 25.03.2004 and 19.03.2003 with retrospective effect as provided in Accounting Standard (AS -20) - Earning Per Share.

EPS: Basic. Net profit attributable to Equity Shareholders
Weighted Average No of Equity Share Outstanding during the year

- Diluted. Net profit attributable to Equity Shareholders
Weighted Average no. of Diluted Equity Share Outstanding during the year

Return On Network (%): Net Profit After Tax
Net Worth at the end of the year

Net Asset Value per Share (Rs.): Net Worth at the end of the year
Equity Share outstanding during the year

Annexure - X

CAPITALISATION STATEMENT

Rs. in Lacs

	Pre issue as at 30.09.2005	Pre issue as at 31.03.2005	Adjusted for Present Issue
Debt			
Short Term Debt	0.00	0.00	
Long Term Debt *** (A)	483.87	258.02	6,258.02
Total Debt	483.87	258.02	6258.02
Shareholders' Funds			
Share Capital	2,000.00	2,600.00	0
Reserves and Surplus	4,333.25	2,061.41	0
Less:- Misc. Expenditures to the extent not written off	1,041.68	8.34	
Total Shareholders Funds (B)	5,291.57	4,653.07	0
Long Term Debt/Total Shareholders Fund(A/B)	0.09:1	0.09:1	NA

* As informed by the management, short term debts are debts repayable within one year.

** Share Capital and Reserves(Post Issue) can be calculated only on conclusion of the Book Building Process.

*** Long Term debts adjusted for Present Issue Includes the Amount of proposed Term Loan of Rs. 6000lacs

**** For the year ended 31.03.2005 Share capital include Rs 1400 lacs lying with the Company as Share Application money pending allotment and against this share application money of Rs 1400 lacs, the company has allotted 2000000 equity share at a premium of Rs 60/- per equity share on 13.06.2005.

Annexure - XI

STATEMENT ON UNSECURED LOANS OUTSTANDING AS AT 30.09.2005

No unsecured Loan is outstanding as on date.

Annexure - XII

STATEMENT OF TAX SHELTERS

Rs. in Lacs

For the Year Ended

	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005
Profit Before Tax as Per Books (A)	92.79	211.12	370.19	806.36	1,603.98
Tax Rate (B)	39.55%	35.70%	36.75%	35.88%	36.59%
Tax at actual rate on book profits	36.70	75.37	136.04	289.32	586.90
Adjustments :					
Permanent Differences					
U/s 80HHC	0.00	18.03	4.68	52.44	0.00
U/s 80 IA/IB	42.87	73.68	150.44	415.42	915.43
Other Adjustments					
Total Permanent Differences (C)	42.87	91.71	155.12	467.86	915.43
Timing Differences					
Difference between Tax Depreciation and Book Depreciation	25.64	59.46	84.18	45.09	79.37
Provision for Gratuity	—	—	—	—	—
Other Adjustments	—	—	—	—	—
Total Timing Differences (D)	25.64	59.46	84.18	45.09	79.37
Net Adjustments (C+D= E)	68.51	151.17	239.30	512.95	994.80
Tax saving Thereon (E+A)	27.10	53.97	87.94	184.05	364.00
Disallowances U/s 43B (G)	3.11	2.21	0.32	0.00	1.84
Profit as per Income Tax returns					
(G=A-C-D+F)	27.39	62.16	131.21	293.41	611.02
Taxable Income as per MAT					
Tax as per Income Tax Returns	10.83	22.19	48.22	105.28	223.57

Notes :

The figures for all other years are as per the Returns of Income Filed.

The Benefit U/s 80 IB & 80 HHC is no more available after 31.03.2004.

Annexure - XIII

STATEMENT OF DEBTORS

Rs. in Lacs

	31.03.2001	For the Year Ended 31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
(Unsecured)						
Debts Outstanding Over Six Months						
Considered Goods	45.54	151.36	193.93	582.79	786.77	658.80
Considered Doubtful	0.00	12.55	12.55	12.55	20.53	20.53
Others	411.66	972.99	1661.37	3520.36	4438.04	3820.39
Less:- Services Billed but not Accrued	0.00	(116.78)	(164.60)	(178.36)	(200.50)	(43.40)
Add:- Services Accrued but not billed	0.00	0.00	0.00	0.00	971.30	1876.97
Total	457.20	1020.12	1,703.25	3,937.34	6,016.14	6,333.29
The above include the following receivable for Promoters/ Promoters group or those related to promoters:*						
Cedar Infonet Pvt Ltd.	0.00	10.52	0.00	555.52	522.35	23.35
Cedar Technologies	0.00	33.71	0.00	0.00	0.00	0.00
Sukhmani Technologies Pvt Ltd.	0.00	0.00	0.00	0.00	114.55	0.00
Encore Technologies Pvt Ltd.	0.00	5.50	0.00	300.93	378.13	60.42
	0.00	49.73	0.00	856.45	1015.03	83.77

* Parties as identified by the company & relied upon by us.

List of Top 10 Sundry Debtors as on 30.09.2005	Rs. in lacs
Punjab National Bank	186.32
Bank of Punjab Ltd.	136.79
HDFC Bank Ltd,	77.00
Kerala State IT Mission	76.94
Reserve Bank of India	69.14
National Informatic Centre	64.97
Gujarat Gas Company Limited.	35.45
North Delhi Power Ltd.	26.82
VSNL	18.24
Adventity BPO India Pvt. Ltd.	17.28

Annexure - XIV

STATEMENT OF LOANS AND ADVANCES GIVEN

Rs. in Lacs

	31.03.2001	For the Year Ended 31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Unsecured, Considered Good						
Advances Recoverable in Cash Or in Kind or for Value to be Received	21.80	66.08	334.95	42.60	31.57	96.02
Security Deposit	87.37	40.50	60.57	135.90	86.53	64.23
Advance Income Tax/ Cenvat	–	–	–	–	37.74	138.54
Others	33.28	82.69	111.14	77.80	82.60	119.02
Total	142.45	189.27	506.66	256.30	238.44	417.81
The above include the following receivable for Promoters/ Promoters group or those related to promoters:*						
NIL						
BREAK-UP OF LOANS AND ADVANCES AS ON						30.09.2005
Delhi State Industrial Development Corporation						11.23
Earnest Money Deposit						
-Chattisgarh State Electricity Board (Raipur)						5.00
-Center for Railway information						2.00
-Jaipur Vidhut Vipram Nigam Limited						10.00
Others						26.78
Security Deposit for Telephones						0.92
Advance Rent						15.10
Security Deposit for the Premises						56.28
Income Tax						60.30
Pre-paid Insurance						1.05
Pre-paid expenses						17.00
Interest Receivable						0.20
Cenvat						78.24
Staff Imprest and Advance						22.60
Advance for Goods						
-Redington India Ltd.						40.77
-A&A Overseas Ltd.						25.00
-Rex Engineering & Sales						10.00
-Ingram Micro India Ltd.						5.76
-Veritax Conference & Incentive Management Pty Ltd.						6.14
-Offcom Systems Pvt Ltd.						2.65
-Others						5.70
Miscellaneous						15.09
TOTAL						417.81

Annexure - XV

STATEMENT OF INVESTMENTS

Rs. In Lacs

	For the Year Ended 31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
(Long Term - Other than Trade)						
Quoted (At Cost)						
Indian Overseas Bank (4512 Shares of Rs. 10 each, Issued at a Premium of Rs. 14/-)	0	0	0	1.13	1.13	1.13
Investment in Subsidiary Company						
Unquoted - Fully Paid						
Tulip IT Services Singapore Pte. Ltd. (1000 Shares of S\$1/- each)	0	0	0.98	0.98	0.98	0.98
Total	0	0	0.98	2.11	2.11	2.11
Market Value of Quoted Investments	0	0	0.00	2.93	3.34	4.23

Year Ended 2001-2002

Annexure - XVI

Related Party Information:-

i) List of Related ties with whom transactions have taken place and Relationships:

Sr. No	Name of Related Party	Relationship
1	Lt. Col. Hardeep Singh Bedi	Key Management Personnel
2	Mrs. Maninder Bedi	Key Management Personnel
3	Mr. Deepinder Singh Bedi	Key Management Personnel
4	Cedar Technologies *	Sole Proprietor Firm
5	Cedar Infonet Pvt Ltd.	Associates Concern
6	Encore Technologies Pvt Ltd.	Associates Concern
7	Sukhmani Technologies Pvt Ltd.	Associates Concern

* Since Closed

Note:- Related party relationship is as identified by the Company and relied upon by the auditors.

ii) Transactions Carried out with the related parties listed above in(i) above, in ordinary course business:-

For the year ended 31.03.2002

Sr. no.	Nature of Transactions	Key Management Personnel	Others	Associates Concerns
A	Loans			
	Taken During the year	21.87	-	24.75
	Repaid During the year	16.26	-	
	Balance as on 31.03.2002	7.43	-	24.75
B.	Sundry Debtors as on 31.03.2002	-	33.71	16.02
C.	Sundry Creditors as on 31.03.2002		-	-
D.	Turnover	-	122.35	
E.	Purchases	-	-	10.52
F.	Expenditures	-	-	
	Payment to & Provisions for Directors	8.44	-	
	Traveling Expenses	4.20		
G	Share Application money received			35.00

Annexure - XVI

Year Ended 2002-2003

Related Party Information:-

i) List of Related ties with whom transactions have taken place and Relationships:-

Name of Related Party	Relationship
Lt. Col. Hardeep Singh Bedi	Key Management Personnel
Mrs. Maninder Bedi	Key Management Personnel
Mr. Deepinder Singh Bedi	Key Management Personnel
Cedar Infonet Pvt Ltd.	Associates Concern
Encore Technologies Pvt Ltd.	Associates Concern
Sukhmani Technologies Pvt Ltd.	Associates Concern
Tulip IT Services Singapore Pte Ltd.	subsidiary Company

Note:- Related party relationship is as identified by the Company and relied upon by the auditors.

ii) Transactions Carried out with the related parties listed above in(i) above, in ordinary course business:

Figures Rs. in lacs

Nature of Transactions	Key Management Personnel		Other Concern				Associate Subsidiary Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans								
Taken During the year	6.60	21.87	—	—	—	24.75	—	—
Repaid During the year	14.03	16.26	—	—	24.75	—	—	—
Balance	—	7.43	—	—	—	24.75	—	—
Receivable	—	—	—	33.71	—	16.03	—	—
Payables	—	—	—	—	—	—	—	—
Sales	—	—	—	122.35	—	—	—	—
Purchases	—	—	—	—	588.89	—	—	—
Payment to & Provisions for Directors	24.10	8.44	—	—	—	—	—	—
Traveling Expenses	4.30	4.20	—	—	—	—	—	—
Share Application Money Received	—	—	—	—	—	35.00	—	—

Annexure - XVI

Year Ended 2003-2004

i) List of Related ties with whom transactions have taken place and Relationships:-

Name of Related Party	Relationship
Lt. Col. Hardeep Singh Bedi	Key Management Personnel
Mrs. Maninder Bedi	Key Management Personnel
Mr. Deepinder Singh Bedi	Key Management Personnel
Ms. Sukhmani Bedi	Key Management Personnel
Cedar Infonet Pvt Ltd.	Associates Concern
Encore Technologies Pvt Ltd.	Associates Concern
Sukhmani Technologies Pvt Ltd.	Associates Concern
Tulip IT Services Singapore Pte Ltd.	Subsidiary Company

Note:- Related party relationship is as identified by the Company and relied upon by the auditors.

ii) Transactions Carried out with the related parties listed above in(i) above, in ordinary course business:

Rs. in lacs

Nature of Transactions	Key Management Personnel		Others		Associate Concern		Subsidiary Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans								
Taken During the year	—	6.60	—	—	—	—	—	—
Repaid During the year	—	14.03	—	—	—	24.75	—	—
Balance	—	—	—	—	—	—	—	—
Receivable	—	—	—	—	856.45	—	—	—
Payables	—	—	2.58	—	—	—	—	—
Sales	—	—	—	—	1,455.69	—	—	—
Purchases	—	—	—	—	950.31	588.89	—	—
Payment to & Provisions for Directors	24.00	24.10	—	—	—	—	—	—
Traveling Expenses	21.29	4.30	—	—	—	—	—	—
Share Application Money Revived	—	—	—	—	281.85	—	—	—

Annexure - XVI

Year Ended 2004-2005

Related Party Information:-

- i) List of Related ties with whom transactions have taken place and Relationships:-

Name of Related Party	Relationship
Lt. Col. Hardeep Singh Bedi	Key Management Personnel
Mrs. Maninder Bedi	Key Management Personnel
Mr. Deepinder Singh Bedi	Key Management Personnel
Ms. Sukhmani Bedi	Key Management Personnel
Cedar Infonet Pvt Ltd.	Associates Concern
Encore Technologies Pvt Ltd.	Associates Concern
Sukhmani Technologies Pvt Ltd.	Associates Concern
Tulip IT Services Singapore Pte Ltd.	Subsidiary Company

Note:- Related party relationship is as identified by the Company and relied upon by the auditors.

- ii) Transactions Carried out with the related parties listed above in(i) above, in ordinary course business:

Rs in Lacs

Nature of Transactions	Key Management Personnel		Others		Associate Concern		Subsidiary Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans								
Taken During the year	—	—	—	—	—	—	—	—
Repaid During the year	—	—	—	—	—	—	—	—
Balance	—	—	—	—	—	—	—	—
Receivable	—	—	—	—	1,015.03	856.45	—	—
Payables	—	—	—	2.58	—	—	—	—
Sales	—	—	—	—	450.42	1,455.69	—	—
Purchases	—	—	—	—	95.03	950.31	—	—
Payment to & Provisions for Directors	26.40	24.00	—	—	—	—	—	—
Traveling Expenses	20.79	21.29	—	—	—	—	—	—
Share Application Money Received	—	—	—	—	1,400.00	281.85	—	—
Purchase of Fixed Assets	—	—	—	—	105.00	—	—	—

Annexure - XVI

Period Ending 30.09.2005

Related Party Information:-

i) List of Related ties with whom transactions have taken place and Relationships:-

Name of Related Party	Relationship
Lt. Col. Hardeep Singh Bedi	Key Management Personnel
Mrs. Maninder Bedi	Key Management Personnel
Mr. Deepinder Singh Bedi	Key Management Personnel
Ms Sukhmani Bedi	Key Management Personnel
Cedar Infonet Pvt Ltd.	Associates Concern
Encore Technologies Pvt Ltd.	Associates Concern
Sukhmani Technologies Pvt Ltd.	Associates Concern
Tulip IT Services Singapore Pte Ltd.	Subsidiary Company

Note:- Related party relationship is as identified by the Company and relied upon by the auditors.

ii) Transactions Carried out with the related parties listed above in(i) above, in ordinary course business:

Nature of Transactions	Key Management Personnel		Others		Associates Concerns		Subsidiary Company	
	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
Loans								
Taken During the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repaid During the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivable	0.00	0.00	0.00	0.00	83.77	1,015.03	0.00	0.00
Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00	0.00	450.42	0.00	0.00
Purchases	0.00	0.00	0.00	0.00	126.48	95.03	0.00	0.00
Payment to & Provisions for Directors	23.26	26.40	0.00	0.00	0.00	0.00	0.00	0.00
Traveling Expenses	21.61	20.79	0.00	0.00	0.00	0.00	0.00	0.00
Share Application Money Received	0.00	0.00	0.00	0.00	0.00	1,400.00	0.00	0.00
Purchase of Fixed Assets	0.00	0.00	0.00	0.00	0.00	105.00	0.00	0.00

Annexure - XVII

STATEMENT OF OTHER INCOME

Rs. in Lacs

	For the Year Ended					
	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Interest	2.65	0.99	6.00	11.07	25.48	11.05
Exchange Fluctuation	1.52	0.00	6.37	2.37	6.23	0.00
Miscellaneous Income	2.85	1.25	0.45	4.08	31.50	11.01
Total	7.02	2.24	12.82	17.52	63.21	22.06

AUDITORS' REPORT

The Board of Directors

Tulip IT Services Limited

C-160, Okhla Industrial Area, Phase-I,

New Delhi - 110020

- a) We have examined the annexed financial information of Tulip IT Services Singapore Pte. Ltd. for three financial years from financial year ended March 31, 2003 to financial year ended March 31, 2005 and for the period ending September 30, 2005 being the last date to which the accounts of the Company have been made up and audited. The same is prepared on the basis of financial statements of subsidiary Company, which is audited by another firm of chartered Accountants. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit. These accounts were approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the issue').
- b) In accordance with the requirements of :
- (i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - (iv) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (v) Our terms of reference with the Company dated October 20, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid.

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

- i. The restated profit/ losses of Tulip IT Services Singapore Pte. Ltd. (the only subsidiary Company of the Company as at 30.09.05) for the above-mentioned period are as set out in Annexure I in USD, the converted figures in Indian Rupees for the respective year are set out in Annexure III. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the significant accounting policies and Notes thereon appearing in Annexure VII & VIII to this report.
- ii. The restated Assets & Liabilities of Tulip IT Services Singapore Pte. Ltd. (the only subsidiary Company of the Company as at 30.09.05) for the above-mentioned period are as set out in Annexure II in USD, the converted figures in Indian Rupees for the respective year are set out in Annexure IV. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the significant accounting policies and Notes thereon appearing in Annexure VII & VIII to this report.
- iii. The restated Cash Flow Statement of Tulip IT Services Singapore Pte. Ltd. (the only subsidiary Company of the Company as at 30.09.05) for the above-mentioned period are as set out in Annexure V in USD, the converted figures in Indian Rupees for the respective year are set out in Annexure VI.

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure IV to this report, after making adjustments/restatements and regroupings as considered appropriate and has been prepared in accordance with Part II of schedule II of the Act and the SEBI guidelines.

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

For R. CHADHA & ASSOCIATES

RAKESH CHADHA

PARTNER

M. No. 83135

PLACE: NEW DELHI

DATED 7TH November, 2005

Annexure - I

TULIP IT SERVICE SINGAPORE PTE LTD.

STATEMENT OF RESTATED PROFIT AND LOSS FOR LAST THREE YEARS

(Amount in USD)

Period ended on	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A Income				
Sales:				
Sales	284,445.00	294,778.00	232,763.00	13,046.00
Other Income	1,597.00	0.00	0.00	0.00
Total Income	286,042.00	294,778.00	232,763.00	13,046.00
B Expenditure				
Raw materials & goods consumed	261,444.00	255,807.00	196,887.00	6,790.00
Staff Costs	677.00	713.00	726.00	424.00
Administrative & Other Expenses	5,854.00	7,594.00	8,145.00	4,104.00
Selling & distribution expenses	0.00	15,024.00	0.00	0.00
Finance Expenses	1,056.00	1,068.00	387.00	0.00
Miscellaneous expenditure written off				
Total expenditure	269,031.00	280,206.00	206,145.00	11,318.00
Net Profit Before Tax, Depreciation and Prior Period Items	17,011.00	14,572.00	26,618.00	1,728.00
C Depreciation				
Net Profit Before Tax, Depreciation and Prior Period Items	17,011.00	14,572.00	26,618.00	1,728.00
Provision for taxation	1,560.00	1,200.00	2,400.00	0.00
Tax Paid/Provisions Written back for the previous years				
Net Profit After Tax & before prior Period Items	15,451.00	13,372.00	24,218.00	1,728.00
Prior Period Items				
Balance carried to Balance sheet	15,451.00	13,372.00	24,218.00	1,728.00

Annexure - II

TULIP IT SERVICES SINGAPORE PTE. LTD.

STATEMENT OF RESTATED ASSETS AND LIABILITIES

Amount in USD

As at	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A. Assets				
Fixed Assets- gross block	0.00	0.00	0.00	0.00
Less: Depreciation	0.00	0.00	0.00	0.00
Net Block	0.00	0.00	0.00	0.00
Less: Revaluation Reserve	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	0.00	0.00	0.00	0.00
B. Investments	0.00	0.00	0.00	0.00
C. Current assets, loans and advances				
Inventories	0.00	0.00	0.00	0.00
Receivable	132,899.00	126,340.00	169,953.00	31,162.00
Cash and bank balances	4,374.00	4,327.00	6,297.00	12,380.00
Other current assets	0.00	0.00	0.00	0.00
Loans and advances	18,050.00	0.00	1,590.00	34,020.00
Total - A	155,323.00	130,667.00	177,840.00	77,562.00
Current liabilities and provisions				
Sundry liability	135,269.00	95,328.00	115,156.00	12,726.00
Provisions	4,038.00	5,951.00	9,078.00	9,502.00
TOTAL - B	139,307.00	101,279.00	124,234.00	22,228.00
Net Current Assets (A-B)	16,016.00	29,388.00	53,606.00	55,334.00
Total Assets	16,016.00	29,388.00	53,606.00	55,334.00
D. Liabilities and provisions				
Loan funds				
Working Capital Loans	0.00	0.00	0.00	0.00
Secured loans	0.00	0.00	0.00	0.00
Unsecured loans	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00
E. Net worth				
Deferred Tax Liability	0.00	0.00	0.00	0.00
Net worth	16,016.00	29,388.00	53,606.00	55,334.00
Represented by:				
Shareholders funds				
Share capital	565.00	565.00	565.00	565.00
Share application Money				
Pending Allotment	0.00	0.00	0.00	0.00
Reserves and surplus	15,451.00	28,823.00	53,041.00	54,769.00
Less: Revaluation Reserve	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation Reserve)	15,451.00	28,823.00	53,041.00	54,769.00
Less: miscellaneous expenditure not written off	0.00	0.00	0.00	0.00
Total	16,016.00	29,388.00	53,606.00	55,334.00

Annexure - III
TULIP IT SERVICE SINGAPORE PTE LTD.
STATEMENT OF RESTATED PROFIT AND LOSS FOR LAST THREE YEARS
(Rs. In lacs)

Period ended on	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Income				
Sales:				
Sales	135.11	128.20	101.83	5.75
Other Income	0.76	0.00	0.00	0.00
Total Income	135.87	128.20	101.83	5.75
Expenditure				
Raw materials & goods consumed	124.19	111.25	86.14	2.99
Staff Costs	0.32	0.31	0.32	0.19
Administrative & Other Expenses	2.78	3.30	3.56	1.81
Selling & distribution expenses	0.00	6.53	0.00	0.00
Finance Expenses	0.50	0.46	0.17	0.00
Miscellaneous expenditure written off	0.00	0.00	0.00	0.00
Total expenditure	127.79	121.86	90.19	4.99
Net Profit Before Tax, Depreciation and Prior Period Items	8.08	6.34	11.65	0.76
Depreciation	0.00	0.00	0.00	0.00
Net Profit Before Tax, Depreciation and Prior Period Items	8.08	6.34	11.65	0.76
Provision for taxation	0.74	0.52	1.05	0.00
Tax Paid/Provisions Written back for the previous years	0.00	0.00	0.00	0.00
Net Profit After Tax & before prior Period Items	7.34	5.82	10.60	0.76
Prior Period Items	0.00	0.00	0.00	0.00
Balance carried to Balance sheet	7.34	5.82	10.60	0.76
The figures are converted in Rupees at the following exchange rates prevailing at the 31st March of respective years: -				
Conversion Factor one USD =Rs.	47.5	43.49	43.75	44.05

Annexure - IV

TULIP IT SERVICES SINGAPORE PTE. LTD.

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs. in Lacs)

	As at	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A.	Assets				
	Fixed Assets- gross block	0.00	0.00	0.00	0.00
	Less: Depreciation	0.00	0.00	0.00	0.00
	Net Block	0.00	0.00	0.00	0.00
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	0.00	0.00	0.00	0.00
B.	Investments	0.00	0.00	0.00	0.00
C.	Current assets, loans and advances				
	Inventories	0.00	0.00	0.00	0.00
	Receivable	63.13	54.95	74.35	13.73
	Cash and bank balances	2.08	1.88	2.75	5.45
	Other current assets	0.00	0.00	0.00	0.00
	Loans and advances	8.57	0.00	0.70	14.99
	Total - A	73.78	56.83	77.81	34.17
	Current liabilities and provisions				
	Sundry liability	64.25	41.46	50.38	5.61
	Provisions	1.92	2.59	3.97	4.19
	TOTAL - B	66.17	44.05	54.35	9.79
	Net Current Assets (A-B)	7.61	12.78	23.45	24.37
	Total Assets	7.61	12.78	23.45	24.37
D.	Liabilities and provisions				
	Loan funds				
	Working Capital Loans	0.00	0.00	0.00	0.00
	Secured loans	0.00	0.00	0.00	0.00
	Unsecured loans	0.00	0.00	0.00	0.00
	TOTAL	0.00	0.00	0.00	0.00
E.	Net worth	7.61	12.78	23.45	24.37
	Represented by:				
	Shareholders funds				
	Share capital	0.27	0.25	0.25	0.25
	Share application Money Pending Allotment	0.00	0.00	0.00	0.00
	Reserves and surplus	7.34	12.54	23.21	24.13
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00
	Reserves (Net of Revaluation Reserve)	7.34	12.54	23.21	24.13
	Less: miscellaneous expenditure not written off	0.00	0.00	0.00	0.00
	Total	7.61	12.78	23.45	24.37
	The figures are converted in Rupees at the following exchange rates prevailing at the 31st March of respective years:				
	Conversion Factor one USD =Rs.	47.50	43.49	43.75	44.05

Annexure - V

TULIP IT SERVICES SINGAPORE PTE LTD.

STATEMENT OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENTS

Amount in USD

		31.03.2003	31.03.2004	31.03.2005	30.09.2005
A	Cash flow from operating activities				
	Net (loss)/profit before tax but after exceptional/extraordinary items	17,011.00	14,572.00	26,618.00	1,728.00
	Adjustments for:-				
	Depreciation				
	Interest Expenses	1,056.00	1,068.00	387.00	0.00
	Interest Income				
	Lease Rent-Finance Lease				
	(Profit)/Loss on Sales of Fixed Assets Sold				
	(Profit)/Loss on Sale of Investment Sold				
	Miscellaneous Expenditure written off				
	Deferred Revenue expenditure written off				
	Provision for Bad & Doubtful Debts				
	Provision for Gratuity & Leave Encashment				
	Provision for Tax	(1,560.00)	(1,200.00)	(2,400.00)	0.00
	Prior Period Expenses/(Income) Net				
	Other Provisions				
	Exceptional/Extraordinary items (Expenses) /Income				
	Any other non cash Item				
	Operating Profit before working capital changes	16,507.00	14,440.00	24,605.00	1,728.00
	Adjustments for changes in working capital:				
	(Increase)/Decrease in Sundry Debtors	(132,899.00)	6,559.00	(43,613.00)	138,791.00
	(Increase)/Decrease in other Receivable	(18,050.00)	18,050.00	(1,590.00)	(32,430.00)
	(Increase)/Decrease in Inventories				
	Increase/(Decrease) in Trade and Other Payables	139,307.00	(38,028.00)	22,955.00	(102,006.00)
	Cash generated from operations	4,865.00	1,021.00	2,357.00	6,083.00
	Taxes (Paid)/Received (Net of TDS)				
	Prior Period(Expenses/Income (Net)				
	Extraordinary/Exceptional Item (Expenses)/Income				
	Net Cash from Operating Activities	4,865.00	1,021.00	2,357.00	6,083.00

Amount in USD

		31.03.2003	31.03.2004	31.03.2005	30.09.2005
B	Cash flow from Investing Activities				
	Purchase of fixed assets				
	Proceeds from sale of fixed assets				
	Capital Work in progress				
	Proceeds from sale of Investments				
	Purchase of Investments				
	Deposit with bank				
	Interest Received (Revenue)				
	Dividend Received				
	Amount paid on acquisition/Investment in Subsidiaries				
	Any other Items				
	Net cash used in Investing activities	0.00	0.00	0.00	0.00
C	Cash flow from Financing Activities				
	Proceeds from fresh issue of Share Capital (Including Share Premium)	565.00	0.00	0.00	0.00
	Advance against equity shares				
	Net Proceeds from long term borrowings				
	Net Proceeds from short terms borrowings				
	Proceeds from fixed deposits (NET)				
	Proceeds from Cash Credits (NET)				
	Interest Paid	(1,056.00)	(1,068.00)	(387.00)	0.00
	Interest Paid-Capitalised				
	Net Cash used in financing Activities	(491.00)	(1,068.00)	(387.00)	0.00
	Net Increase/(Decrease) in Cash &				
	Cash Equivalents(A+B+C)	4,374.00	(47.00)	1,970.00	6,083.00
	Cash and Cash Equivalents at the beginning of the year	0.00	4,374.00	4,327.00	6,297.00
	Cash and Cash Equivalents at the end of the year	4,374.00	4,327.00	6,297.00	12,380.00

TULIP IT SERVICES SINGAPORE PTE LTD.

Annexure - VI

STATEMENT OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENTS

Amount Rs. in Lacs

		31.03.2003	31.03.2004	31.03.2005	30.09.2005
A	Cash flow from operating activities				
	Net (loss)/profit before tax but after exceptional/extraordinary items	8.08	6.34	11.65	0.76
	Adjustments for:-	0.00	0.00	0.00	0.00
	Depreciation	0.00	0.00	0.00	0.00
	Interest Expenses	0.50	0.46	0.17	0.00
	Interest Income	0.00	0.00	0.00	0.00
	Lease Rent-Finance Lease	0.00	0.00	0.00	0.00
	(Profit)/Loss on Sales of Fixed Assets Sold	0.00	0.00	0.00	0.00
	(Profit)/Loss on Sale of Investment Sold	0.00	0.00	0.00	0.00
	Miscellaneous Expenditure written off	0.00	0.00	0.00	0.00
	Deferred Revenue expenditure written off	0.00	0.00	0.00	0.00
	Provision for Bad & Doubtful Debts	0.00	0.00	0.00	0.00
	Provision for Gratuity & Leave Encashment	0.00	0.00	0.00	0.00
	Provision for Tax	(0.74)	(0.52)	(1.05)	0.00
	Prior Period Expenses/(Income) Net	0.00	0.00	0.00	0.00
	Other Provisions	0.00	0.00	0.00	0.00
	Exceptional/Extraordinary items (Expenses)/Income	0.00	0.00	0.00	0.00
	Any other non cash Item	0.00	0.00	0.00	0.00
	Operating Profit before working capital changes	7.84	6.28	10.76	0.76
	Adjustments for changes in working capital:				
	(Increase)/Decrease in Sundry Debtors	(63.13)	2.85	(19.08)	60.72
	(Increase)/Decrease in other Receivable	(8.57)	7.85	(0.70)	(14.19)
	(Increase)/Decrease in Inventories	0.00	0.00	0.00	0.00
	Increase/(Decrease) in Trade and Other Payables	66.17	(16.54)	10.04	(44.63)
	Cash generated from operations	2.31	0.44	1.03	2.66
	Taxes (Paid)/Received (Net of TDS)	0.00	0.00	0.00	0.00
	Prior Period(Expenses/Income (Net)	0.00	0.00	0.00	0.00
	Extraordinary/Exceptional Item (Expenses)/Income	0.00	0.00	0.00	0.00
	Net Cash from Operating Activities	2.31	0.44	1.03	2.66
B	Cash flow from Investing Activities				
	Purchase of fixed assets	0.00	0.00	0.00	0.00
	Proceeds from sale of fixed assets	0.00	0.00	0.00	0.00

		31.03.2003	31.03.2004	31.03.2005	30.09.2005
	Capital Work in progress	0.00	0.00	0.00	0.00
	Proceeds from sale of Investments	0.00	0.00	0.00	0.00
	Purchase of Investments	0.00	0.00	0.00	0.00
	Deposit with bank	0.00	0.00	0.00	0.00
	Interest Received (Revenue)	0.00	0.00	0.00	0.00
	Dividend Received	0.00	0.00	0.00	0.00
	Amount paid on acquisition/Investment in Subsidiaries	0.00	0.00	0.00	0.00
	Any other Items	0.00	0.00	0.00	0.00
	Net cash used in Investing activities	0.00	0.00	0.00	0.00
C	Cash flow from Financing Activities				
	Proceeds from fresh issue of Share Capital (Including Share Premium)	0.27	0.00	0.00	0.00
	Advance against equity shares	0.00	0.00	0.00	0.00
	Net Proceeds from long term borrowings	0.00	0.00	0.00	0.00
	Net Proceeds from short terms borrowings	0.00	0.00	0.00	0.00
	Proceeds from fixed deposits (NET)	0.00	0.00	0.00	0.00
	Proceeds from Cash Credits (NET)	0.00	0.00	0.00	0.00
	Interest Paid	(0.50)	(0.46)	(0.17)	0.00
	Interest Paid-Capitalised	0.00	0.00	0.00	0.00
	Net Cash used in financing Activities	(0.23)	(0.46)	(0.17)	0.00
	Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	2.08	(0.02)	0.86	2.66
	Cash and Cash Equivalents at the beginning of the year	0.00	2.08	2.06	2.92
	Cash and Cash Equivalents at the end of the year	2.08	2.06	2.92	5.58
The figures are converted in Rupees at the following exchange rates prevailing at the 31st March, 30th September of respective years: -					
	Conversion Factor one USD =Rs.	47.50	43.49	43.75	44.05

SIGNIFICANT ACCOUNTING POLICIES**A Basis for preparation of financial statements:**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All Income and expenditures having material bearing on the financial statements are recognised on accrual basis.

The preparation of financial statement in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include, provisions for doubtful debts and the useful lives of fixed assets. Actual results could differ from those estimates.

B Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognized.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

C Miscellaneous Expenses (Preliminary Expenses):

The expenditures incurred on formation of company and addition to authorised capital are amortised over a period of 10 years.

D Inventories:

Inventories are valued at the lower of cost or net realisable value.

E Foreign Currency Transactions:

Monetary assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange approximate to those ruling at the balance sheet date. Transaction in foreign currencies are translated at the rates ruling on transactions dates. Translation differences are included in the profit and loss statement.

F Income Tax:

The tax expense is determined on the basis of tax effect accounting, using the liability method, and is applied to all significant timing differences.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred Tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences may be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of deferred tax assets to be utilized.

Deferred Tax asserts and liabilities are measured at tax rates that are expected to apply to the year which the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted at the balance sheet date.

G Borrowing Cost:

Interest expense and similar charges are expensed in the profit and loss statement in the period in which they are incurred.

H Related Party

For the purposes of the financial statements, party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and party are subject to common control or common significant influence.

Annexure - VIII

NOTES ON ACCOUNTS

1 Contingent Liabilities not Provided for

	As on 30.09.2005	As on 31.03.2005	As on 31.03.2004
I Outstanding Bank Guarantees:	nil	nil	nil
II Claims against the company not acknowledge as debt.	nil	nil	nil

2 Auditors Remuneration is as under: -

Amount in Rs.

	As on 30.09.2005	As on 31.03.2005	As on 31.03.2004
Statutory Audit fee	19,862.50	39,725.00	38,749.59
Tax Audit Fee	0.00	26,468.75	25,856.25
	19,862.50	66,193.75	64,605.84

3 Comparative figures

Since Tulip IT Services Singapore Pte Ltd. was incorporated on 16th May, 2002 therefore the financial statement for the year 2002-03 was prepared for the period from 16th May 2002 to 31st March, 2003.

4 Earning Per Share (Basic and Diluted)

	As on 30.09.2005	As on 31.03.2005	As on 31.03.2004	As on 31.03.2003
Opening No of Shares of S\$ 1/- each.	1,002	1,002	1,002	0
Closing No. of Shares of S\$ 1/- each.	1,002	1,002	1,002	1,002
Weighted Average number of shares outstanding.	1,002	1,002	1,002	919
Profit After Tax (In Rupees).	0.76	10.60	5.82	7.34
EPS (In rupees) (Basic).	151.93	1,057.42	580.39	799.04

Note 1 :- Profit for Six months have been annualised

6 Segment Reporting:-

Based on the guiding principles given in accounting standard on segment reporting (AS-17) issued by the Institute of Chartered Accountants of India, the company's primary business segment is trading in the Networking Equipments.

7 There are no other material notes to the auditors report which has bearing on the financial status of the company.

Related Party Information:-

i) List of Related parties with whom transactions have taken place and relationships:

Name of Related Party:	Relationship
Lt. Col. Hardeep Singh Bedi.	Key Management Personnel
Mrs. Maninder Bedi.	Key Management Personnel
Mr. Deepinder Singh Bedi.	Key Management Personnel
Ms Sukhmani Bedi.	Key Management Personnel
Mr. Vangal Rangarajan Ranganathan.	Key Management Personnel
Cedar Infonet Pvt Ltd.	Associates Concern
Encore Technologies Pvt Ltd.	Associates Concern
Sukhmani Technologies Pvt Ltd.	Associates Concern
Tulip IT Services Singapore Pte Ltd.	Subsidiary Company

ii) Transactions with related parties during the year/ period ending:

Sr. No.	Nature of Transactions:	Key Management Personnel			Associate Concerns			Subsidiary Company/ Holding Company		
		30.09.05	31.03.05	31.03.04	30.09.05	31.03.05	31.03.04	30.09.05	31.03.05	31.03.04
a	Loans:									
	Taken During the year.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Repaid During the year.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Balance as on.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	Sundry Debtors as on.	0.00	0.00	0.00	13.53	66.67	52.38	0.24	0.24	0.24
c	Sundry Creditors as on.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d	Turnover.	0.00	0.00	0.00	0.00	18.84	30.94	0.00	0.00	0.00
e	Purchases.	0.00	0.00	0.00	0.00	3.46	0.00	0.00	0.00	0.00
f	Expenditures:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Payment to & Provisions for Directors.	0.16	0.31	0.31	0.00	0.00	0.00	0.00	0.00	0.00
	Traveling Expenses.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g	Share Capital.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h	Funds Transferred.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

AUDITOR'S REPORT

The Board of Directors

Tulip IT Services Limited

C-160, Okhla Industrial Area, Phase-I,
New Delhi - 110020

- a) We have examined the annexed Consolidated financial information of Tulip IT Services Ltd. and its subsidiary company M/s Tulip IT Services Singapore Pte Ltd., collectively referred to as "the Group", for the Three financial years, from financial year ended March 31, 2003 to financial year ended March 31, 2005 and for the period ended September 30, 2005 being the last date to which the accounts of the Company have been made up and audited. The information is based on the accounts audited by us of Tulip IT Services Ltd. for the above-mentioned period. However, we did not audit the financial statements of M/s Tulip IT Services Singapore Pte Ltd for the financial year ended March 31, 2003 to Financial year ended March 31, 2005 and for the period ended September 30, 2005. The same have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on report of the other auditor. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit. These accounts were approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the issue').
- b) In accordance with the requirements of :
- (i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (iii) Our terms of reference with the Company dated October 20, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid.

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

- i. The restated profit/ losses of the group for the respective years are set out in Annexure I. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the significant accounting policies and Notes thereon appearing in Annexure IV to this report.
- ii. The restated Assets & Liabilities of the Group for the respective years are set out in Annexure II. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and subject to the significant accounting policies and Notes thereon appearing in Annexure IV to this report.
- iii. The restated Cash Flow Statement of the Group for the above-mentioned years are as set out in Annexure III.

We report that the summarised restated consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure IV to this report, after making adjustments/restatements and regroupings as considered appropriate and has been prepared in accordance with Part II of schedule II of the Act and the SEBI guidelines.

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

For R. CHADHA & ASSOCIATES

**RAKESH CHADHA B
PARTNER
M. No. 83135**

**PLACE: NEW DELHI
DATED 7th November 2005**

Annexure - I

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR LAST THREE YEARS

(Rs. In lacs)

Period ended on	31.03.2003	31.03.2004	31.03.2005	30.09.2005
Income				
Sales:				
Sales	20,422.92	27,594.88	34,322.43	19,559.19
Other Income	13.59	17.52	63.21	22.06
Total Income	20,436.51	27,612.40	34,385.64	19,581.25
Expenditure				
Raw materials & goods consumed	19,241.00	25,315.64	30,968.60	16,049.83
Staff Costs	387.29	535.42	645.64	416.01
Administrative & Other Expenses	251.90	585.51	598.49	517.00
Selling & distribution expenses	46.91	76.34	103.27	146.92
Finance Expenses	89.80	214.99	353.36	305.48
Miscellaneous expenditure written off	0.44	0.44	1.04	1.01
Total expenditure	20,017.34	26,728.35	32,670.40	17,436.25
Net Profit Before Tax, Depreciation and Prior Period Items	419.17	884.05	1,715.25	2,145.00
Depreciation	40.90	71.35	99.62	61.49
Net Profit Before Tax, Depreciation and Prior Period Items	378.27	812.70	1,615.63	2,083.51
Provision for taxation	125.26	130.84	266.15	410.92
Tax Paid/Provisions Written back for the previous years	4.73	14.78	(52.29)	0.00
Net Profit After Tax & before prior Period Items	248.28	667.08	1,401.77	1,672.59
Prior Period Items	(1.47)	0.00	(0.18)	0.00
Balance carried to Balance sheet	246.81	667.08	1,401.59	1,672.59

Annexure - II

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Rs. in Lacs

	As at	31.03.2003	31.03.2004	31.03.2005	30.09.2005
A.	Assets				
	Fixed Assets- gross block	532.21	822.01	2,266.95	2,583.69
	Less: Depreciation	137.44	208.79	305.34	366.83
	Net Block	394.77	613.22	1,961.61	2,216.86
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00
	Goodwill	0.71	0.73	0.73	0.73
	Net Block after adjustment for Revaluation Reserve	395.48	613.95	1,962.34	2,217.59
B.	Investments	0.00	1.12	1.12	1.12
C.	Current assets, loans and advances				
	Inventories	308.45	1,843.01	2,056.31	2,462.38
	Receivable	1,766.38	3,992.29	6,090.48	6,347.02
	Cash and bank balances	184.67	306.57	884.14	1,297.59
	Other current assets	395.51	178.50	118.09	220.55
	Loans and advances	119.70	77.42	121.05	212.25
	Total - A	2,774.71	6,397.79	9,270.08	10,539.79
	Current liabilities and provisions				
	Sundry liability	1,662.78	2,689.05	3,651.33	2,698.28
	Provisions	261.28	1,162.57	590.41	707.82
	TOTAL - B	1,924.06	3,851.62	4,241.74	3,406.09
	Net Current Assets (A-B)	850.65	2,546.17	5,028.33	7,133.69
	Total Assets	1,246.13	3,161.25	6,991.80	9,352.41
D.	Liabilities and provisions				
	Loan funds				
	Working Capital Loans	333.31	1,153.92	1,958.04	2,084.41
	Secured loans	63.80	74.17	258.02	1,823.87
	Unsecured loans	0.00	0.00	0.00	0.00
	TOTAL	397.11	1,228.09	2,216.06	3,908.28
E.	Net worth	812.54	1,874.25	4,676.28	5,315.70
	Represented by:				
	Shareholders funds				
	Share capital	500.00	1,200.00	1,200.00	2,000.00
	Share application Money				
	Pending Allotment	0.00	0.00	1,400.00	1,200.00
	Reserves and surplus	316.50	682.96	2,084.62	1,957.38
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00
	Reserves (Net of Revaluation Reserve)	316.50	682.96	2,084.62	3,157.38
	Less: miscellaneous expenditure not written off	3.96	8.71	8.34	1,041.68
	Total	812.54	1,874.25	4,676.28	5,315.70

Annexure - III

Rs in lacs

STATEMENT OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENTS

		31.03.2003	31.03.2004	31.03.2005	30.09.2005
A	Cash flow from operating activities				
	Net (loss)/profit before tax but after exceptional/extraordinary items	373.53	812.70	1,615.64	2,083.52
	Adjustments for:-	0.00	0.00	0.00	0.00
	Depreciation	40.90	71.34	99.62	61.49
	Interest Expenses	89.80	214.99	353.36	305.49
	Interest Income	(6.00)	(11.07)	(25.48)	(11.05)
	Lease Rent-Finance Lease	0.00	0.00	0.00	0.00
	(Profit)/Loss on Sales of Fixed Assets Sold	0.00	0.00	1.84	0.00
	(Profit)/Loss on Sale of Investment Sold	0.00	0.00	0.00	0.00
	Miscellaneous Expenditure written off	0.45	0.45	1.04	1.01
	Deferred Revenue expenditure written off	0.00	0.00	0.00	0.00
	Provision for Bad & Doubtful Debts	0.00	0.00	0.00	0.00
	Provision for Gratuity & Leave Encashment	0.00	0.00	0.00	0.00
	Provision for Tax	(88.78)	(108.41)	(225.60)	(381.95)
	Prior Period Expenses/(Income) Net	0.00	0.00	0.00	0.00
	Other Provisions	0.00	0.00	0.00	0.00
	Exceptional/Extraordinary items (Expenses)/Income	0.00	0.00	0.00	0.00
	Any other non cash Item	0.00	0.00	0.00	0.00
	Operating Profit before working capital changes	409.90	980.00	1,820.41	2,058.51
	Adjustments for changes in working capital:				
	(Increase)/Decrease in Sundry Debtors	(746.26)	(2,231.23)	(2,097.88)	(256.44)
	(Increase)/Decrease in other Receivable	(325.95)	258.21	17.16	(193.56)
	(Increase)/Decrease in Inventories	(93.80)	(1,534.56)	(213.29)	(406.07)
	Increase/(Decrease) in Trade and Other Payables	1,080.08	1,933.12	229.87	(835.72)
	Cash generated from operations	323.97	(594.46)	(243.72)	366.72
	Taxes (Paid)/Received (Net of TDS)	0.00	(14.78)	53.49	0.00
	Prior Period(Expenses/Income (Net)	(1.47)	0.00	(1.38)	0.00
	Extraordinary/Exceptional Item (Expenses)/Income	0.00	0.00	0.00	0.00
	Net Cash from Operating Activities	322.50	(609.24)	(191.61)	366.72
B	Cash flow from Investing Activities				
	Purchase of fixed assets	(185.71)	(289.80)	(1,453.90)	(319.30)
	Proceeds from sale of fixed assets	0.00	0.00	4.05	2.56

	Capital Work in progress	0.00	0.00	0.00	0.00
	Proceeds from sale of Investments	0.00	0.00	0.00	0.00
	Purchase of Investments	(0.98)	(1.13)	0.00	0.00
	Deposit with bank	(48.86)	(103.86)	(585.95)	(409.46)
	Interest Received (Revenue)	6.00	11.07	25.48	11.05
	Dividend Received	0.00	0.00	0.00	0.00
	Amount paid on acquisition/Investment in Subsidiaries	0.00	0.00	0.00	0.00
	Any other Items	(3.40)	(5.20)	(0.67)	(1,034.36)
	Net cash used in Investing activities	(232.95)	(388.92)	(2,010.99)	(1,749.51)
C	Cash flow from Financing Activities				
	Proceeds from fresh issue of Share Capital (Including Share Premium)	0.27	400.00	1,400.00	0.00
	Advance against equity shares	0.00	0.00	0.00	0.00
	Net Proceeds from long term borrowings	35.12	10.37	343.85	65.85
	Net Proceeds from short terms borrowings	(32.18)	0.00	0.00	1,500.00
	Proceeds from fixed deposits (NET)	0.00	0.00	0.00	0.00
	Proceeds from Cash Credits (NET)	(21.79)	820.61	804.11	126.37
	Interest Paid	(89.80)	(214.99)	(353.36)	(305.48)
	Interest Paid-Capitalised	0.00	0.00	0.00	0.00
	Net Cash used in financing Activities	(108.38)	1,015.99	2,194.60	1,386.74
	Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	(18.83)	17.83	(8.00)	3.95
	Cash and Cash Equivalents at the beginning of the year	51.04	32.21	50.04	42.04
	Cash and Cash Equivalents at the end of the year	32.21	50.04	42.04	45.99

Annexure - IV

1. Significant Accounting Policies:

(A) Basis of Consolidation:

The Consolidated Financial Statements relate to Tulip IT Services Ltd. and its Subsidiary company, Tulip IT Services Singapore Pte Ltd..

The Consolidated Financial Statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditures after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profit or loss.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- (iii) The difference between the cost of investment in the subsidiary and the share of net assets at the time of acquisition of shares in the subsidiary is identified in the financial statements as Goodwill and Capital Reserve, as the case may be.

(iv) The subsidiary considered in the consolidated financial statements is:

	Country of Incorporation	% Voting Power Held
Tulip IT Services Singapore Pte Ltd.	Singapore	100%

(B) Other Significant Accounting Policies:

These are set out in the notes to accounts under significant accounting policies for financial statements of respective companies Tulip IT Services Ltd. and Tulip IT Services Singapore Pte Ltd.

NOTES ON ACCOUNTS

1 Contingent Liabilities not Provided for

Rs. In lacs

		As on 30.09.2005	As on 31.03.2005	As on 31.03.2004	As on 31.03.2003
I	Outstanding Bank Guarantees:	653.30	653.30	232.24	82.08
II	Claims against the company not acknowledged as debt.	17.31	17.31	17.31	17.31
III	The Company has filed civil and criminal suit for the recover of its debts against some Debtors, which as per the opinion of the advocate are not going to be decided against the company and accordingly no provision for the same has been made, however the same has been disclosed as doubtful debts.				

2 Auditors Remuneration is as under: -

Amount in Rs.

		As on 30.09.2005	As on 31.03.2005	As on 31.03.2004
	Statutory Audit fee	124,553	249,105	188,750
	Tax Audit Fee	0	81,569	55,856
	Certification Fee - IPO.	102,000		
		226,553	330,674	244,606
3	In the opinion of the management and to the best of their knowledge and belief the realisable value of current assets, loans and advances if realised in ordinary course of business would not be less than the amount at which they are stated in the balance sheet. The company has filed suits for recovery of debt against certain clients but relying on the opinion of the advocates these have been considered as fully realisable, however some has been classified as doubtful debt amounting Rs.20,53,234/-.			

4 Earnings Per Share (Basic and Diluted)

		As on 30.09.2005	As on 31.03.2005	As on 31.03.2004	As on 31.03.2003
	Opening No of Shares.	12,000,000	12,000,000	5,000,000	2,000,000
	Closing No. of Shares.	20,000,000	12,000,000	12,000,000	5,000,000
	Weighted Average number of shares outstanding.	19,666,667	18,000,000	12,500,000	12,000,000

Effect of Dilute Securities:				
Share application money pending for allotment.	0	140,000,000	0	0
Conversion of Share application money in shares.	0	-	4,000,000	0
Weighted Average number of shares (Diluted).	20,000,000	18,674,877	14,500,000	12,000,000
Profit After Tax (In Rupees).	1,672.59	1,401.77	667.08	248.28
EPS (In rupees) (Basic).	17.01	7.79	5.34	2.07
EPS (In rupees) (Diluted).	16.73	7.51	4.60	2.07
Book Value.	0.00	38.97	15.62	16.25
Return on Network	0.00%	29.98%	35.59%	30.56%

2. Financial information of Group companies

a. Encore Technologies Private Limited

Constitution	:	Private Limited Company
Date of Incorporation	:	11th September, 2000
Board of Directors	:	Lt. Col. (Retd.) H.S.Bedi Mrs. Maninder Bedi Mr. Deepinder Singh Bedi Ms. Sukhmani Bedi
Nature of activities	:	The Company is engaged in trading of computers hardware and networking equipment.

Shareholding pattern :

Sl. No.	Name of the Shareholder	Percentage
1	Inderpal Singh Grover	100
2	Deepinder Singh Bedi	1,500
3	Sukhmani Bedi	1,400
4	Lt. Col. (Retd.) H S Bedi	3,500
5	Maninder Bedi	3,500
6	Sharad Enterprises Private Limited	45,000
7	Cedar Infonet Private Limited	52,500
	Total	1,07,500
		100.00

Brief Financials

(Rs. in lacs)

Particulars	31.03.2003	31.03.2004	31.03.2005
Sales & Other Income	288.01	216.87	867.77
PAT	(0.40)	(0.13)	5.10
Equity Capital	1.00	1.00	10.75
Share Application Money	-	-	-
Reserves & Surplus Excluding Revaluation reserve	(1.42)	(1.56)	3.54
EPS (Rs.)	N.A.	N.A.	4.74
Book Value / Share (Rs.)	(4.61)	(5.91)	13.27

2. Sukhmani Technologies Private Limited

Constitution	: Private Limited Company
Date of Incorporation	: 12th September, 2000
Board of Directors	: Lt. Col. H.S.Bedi Mr. Deepinder Singh Bedi Ms. Sukhmani Bedi
Nature of activities	: The Company is engaged in trading of computer hardware and networking equipment.

Shareholding pattern :

Sl. No.	Name of the Shareholder	No. of Shares held	Percentage
1	Basant Grover	100	1.00
2	Sukhmani Bedi	1400	14.00
3	Deepinder Singh Bedi	1500	15.00
4	Lt. Col. (Retd.) H S Bedi	3500	35.00
5	Maninder Bedi	3500	35.00
	Total	10000	100.00

Brief Financials

(Rs. in lacs)

Particulars	31.03.2003	31.03.2004	31.03.2005
Sales & Other Income	91.53	105.25	177.45
PAT	(0.62)	(0.10)	1.55
Equity Capital	1.00	1.00	1.00
Share Application Money	-	-	-
Res & Surp Excl Revaluation	(1.14)	(1.24)	0.31
EPS (Rs.)	N.A.	N.A.	15.56
Book Value / Share (Rs.)	(1.74)	(2.73)	12.87

3. Cedar Infonet Private Limited

Constitution	: Private Limited Company
Date of Incorporation	: 11th September, 2000
Board of Directors	: Lt. Col. H.S.Bedi Mr. Deepinder Singh Bedi Ms. Sukhmani Bedi
Nature of activities	: The Company is engaged in trading of computer hardware and networking equipment.

Shareholding patter :

Sl. No.	Name of the Shareholder	No. of Shares held	Percentage
1	Deepinder Singh Bedi	1500	1.43
2	Sukhmani Bedi	1500	1.43
3	Lt. Col. (Retd.) H S Bedi	3500	3.33
4	Maninder Bedi	3500	3.33
5	Encore Technologies Private Limited	50000	47.62
6	Sharad Enterprises Private Limited	45000	42.86
	Total	105000	100.00

Brief Financials
Rs. in lacs

Particulars	31.03.2003	31.03.2004	31.03.2005
Sales & Other Income	312.16	747.47	663.43
PAT	(0.10)	(0.17)	4.35
Equity Capital	1.00	1.00	10.50
Share Application Money	-	-	-
Res & Surp Excl Revaluation	(0.24)	(0.41)	2.91
EPS (Rs.)	N.A.	N.A.	4.14
Book Value / Share (Rs.)	7.25	5.59	12.75

4. Sharad Enterprises Private Limited

Constitution	:	Private Limited Company
Date of Incorporation	:	28th October, 1981
Board of Directors	:	Lt. Col. H.S.Bedi Mrs. Maninder Bedi
Nature of activities	:	The Company is dealing in PVC, Plastic, rigid Pipes and fittings.

Shareholding pattern :

Sl. No.	Name of the Shareholder	No. of Shares held	Percentage
1	J S Bawa	200	4.00
2	Cedar Infonet Private Limited	4800	96.00
	Total	5000	100.00

Brief Financials
(Rs. in lacs)

Particulars	31.03.2003	31.03.2004	31.03.2005
Sales & Other Income	25.94	Nil	177.01
PAT	(0.12)	(3.31)	57.91
Equity Capital	5.00	5.00	5.00
Share Application Money	-	-	-
Res & Surp Excl Revaluation	22.40	18.89	76.80
EPS (Rs.)	-	-	1158.29
Book Value / Share (Rs.)	544.02	477.80	1636.10

The promoters have not disassociated from any of the companies firms during last 3 years.

Further, the sales and purchase between the companies in the promoter group have exceeded in the aggregate 10% value of the total sales /purchases of our company.

There are no litigations/defaults etc in respect of the above companies.

Common pursuits:

Cedar Infonet Pvt Ltd, Encore Technologies Pvt Ltd and Sukhmani Technologies Pvt Ltd are into trading of networking equipment. Tulip is also into this activity. There is no conflict of interest (including related party transactions within the aforesaid promoters groups), the significance of these transactions on the financial performance of the Companies and no sales or purchase exceeding 10% of the total sales or purchase of

Tulip, including material items of income/expenditure arising out of transactions in the promoter group.

Sick Companies/BIFR proceedings

There are no sick companies or BIFR proceedings initiated against any of the aforesaid Group Companies.

Struck off from the Register of Registrar of Companies

None of the Group Companies have been struck off from the Register of the relevant Registrar of Companies.

3. Changes in accounting policies in the last three years.

There is no change in the accounting policies of the company during the last three years.

4. Management discussion and analysis of financial condition

Investors should read the following discussion of our financial condition and results of operations together with our audited and consolidated financial statements under Indian GAAP and the notes to those statements included in this Prospectus. The following discussion is based on our Company's audited financial statements and on information available from other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year.

Overview

We are an IT infrastructure and connectivity provider. We provide network integration services, rural /state wide networks and inter-city and intra-city Wireless based IP/VPN connectivity. We started our operations in 1992 as a reseller of software and hardware products and provider of maintenance contracts for networks. Subsequently, we migrated into network integration, where, as a comprehensive network integrator, we design and develop networks for our clients, provide networking equipment from other vendors, manage the integration and implementation of these projects, and provide network management and maintenance services. Our strategy has been focused on identifying and entering into higher margin areas allied or adjacent to our existing businesses. To complement our existing business as a network integrator, and to pursue the potential in the VPN and broadband markets, we recently diversified into providing Wireless based IP/VPN based connectivity solutions. While our competitors have traditionally provided connectivity solutions based on leased lines and VSATs, we built expertise in providing wireless based connectivity. Our growth strategy is focused on providing nationwide connectivity services through a hybrid of leased lines and wireless based last mile access.

We have a 100% wholly owned subsidiary, Tulip IT Services Singapore Pte Limited, engaged in trading of computer hardware.

Key factors influencing results of operations

The key factors influencing our results of operations, profitability and cash flow are listed below:

- Indian economic growth: Our operations are primarily based in India and we derive substantial portion of our revenue from the Indian market. Therefore any slowdown in the Indian economic growth, in particular industrial growth, may negatively impact our revenue from the network integration and IP/VPN connectivity business.
- Capital expenditure on IT infrastructure by Indian corporate: Our income for the network integration business is largely dependent on corporate requirements to create, modernize and upgrade their IT network. As such any slowdown in corporate capital expenditure on IT infrastructure may restrict our future growth and profit margins.
- Demand for IP/VPN connectivity: The demand for our IP/VPN connectivity services is largely influenced by corporate requirements to network their multiple locations with fast and reliable means of communication. This demand for IP/VPN connectivity from corporates has and will continue to affect our future growth.
- Prices of wireless networking equipment: Our profitability also depends on the prices of wireless networking equipment, which we source domestically and internationally.
- Our ability to roll out and manage our IP/VPN network: Our sales and profitability will depend to a significant extent on our ability to roll out and expand our IP/VPN network.

- Fluctuations in exchange rate & interest rate: We are marginally susceptible to fluctuations in exchange rates as we source a significant amount of wireless networking equipment from overseas suppliers.

Our Growth Path

The table below sets forth information regarding our income, expenditure and profits for the indicated period.

(Rs. In lacs)

Period ended on	31.03.02	31.03.03		31.03.04		31.03.05	
	Amount	Amount	Increase/ (Decrease) %	Amount	Increase/ (Decrease) %	Amount	Increase/ (Decrease) %
Income							
Sales:							
Of products traded by the Company	7,136.28	20,287.81	184.29%	27,466.68	35.39%	34,220.60	24.59%
Other Income	2.23	12.83	475.34%	17.52	36.55%	63.21	260.79%
Total Income	7,138.51	20,300.64	184.38%	27,484.20	35.39%	34,283.81	24.74%
Expenditure							
Raw materials & goods consumed	6,322.38	19,116.81	202.37%	25,204.39	31.84%	30,882.46	22.53%
Staff Costs	246.68	386.97	56.87%	535.11	38.28%	645.32	20.60%
Administrative & Other Expenses	215.72	249.12	15.48%	582.21	133.71%	594.93	2.18%
Selling & distribution expenses	44.72	46.91	4.90%	69.81	48.82%	103.27	47.93%
Finance Expenses	64.78	89.30	37.85%	214.53	140.24%	353.19	64.63%
Miscellaneous expenditure written off	0.13	0.44	238.46%	0.44	—	1.04	136.36%
Total expenditure	6,894.41	19,889.55	188.49%	26,606.49	33.77%	32,580.21	22.45%
Net Profit Before Depreciation, Tax and Prior period Items	244.10	411.09	68.41%	877.71	113.51%	1,703.60	94.10%
Depreciation	32.98	40.90	24.01%	71.35	74.45%	99.62	39.62%
Net Profit before tax and extraordinary items	211.12	370.19	75.35%	806.36	117.82%	1,603.98	98.92%
Provision for taxation	22.19	124.52	461.15%	130.32	4.66%	265.10	103.42%
Net Profit after tax & before Prior Period items	188.93	245.67	30.03%	676.04	175.18%	1,338.88	98.05%

Comparison of Fiscal 2002 with Fiscal 2003

Total Income

The first stage of the Indian IT revolution was driven primarily by the private sector. During this phase, Government bodies, public sector undertakings, Nationalised Banks and Insurance Companies were relatively uninvolved in technological investment and the major driver for the demand was from private sector. As such we changed our product mix to meet the demand from the private sector with favorable trading terms, higher margins and lower

credit period. During this period we serviced clients like - the Times Group, Texas Instruments, Ericsson, Sona Group, Pharmacia & Upjohn, APL, Equant, Ranbaxy, Star TV Network, NDTV, Radio Mirchi, Radio City, Sun TV, HECL, HFCL, Spectranet, Prime net, Primus, Daksh, Honeywell, Tele Atlas, ING Vysya, Tata Finance, Bank of Punjab Ltd. etc. We also had exposure to Government bodies like ONGC, Ernet India, MPSEB etc.

Till this time the demand for network integration was primarily from metropolitan cities and major towns as the small cities lacked adequate mode of connectivity. The government's announcement of major initiatives to strengthen IT networks in the country increased investment in IT infrastructure by Government owned banks, financial institutions, telecommunication providers and BPO outfits. As such we focused on these sectors for revenue expansion. We started selling wireless network products to enterprises, a high margin business for our company. During the period we successfully implemented a connectivity project with Bank of Punjab Ltd., where we provided wireless connectivity to our customer's branches even in remote towns of Punjab. Our focus towards wireless networks helped us in registering faster growth.

During the financial year 2002-03 the total income of the company increased by 184.38% to Rs. 20300 Lacs from Rs 7138 Lacs in the financial year 2001-02. The growth was largely on account of orders from the banking sector, telecom service providers, call centers, entertainment sector, PSUs and Government bodies. Our largest order during the financial year 2002-03 was from Punjab National Bank to supply various networking equipment for providing branch connectivity across the country. During the period we also added Indian Overseas Bank, ABN Amro Bank, Gujarat Informatics, and VSNL, amongst others to our client list and received repeat orders from existing clients.

During this financial year the total spending by different sectors on Network Integration business was Rs. 2871 Crores and our market share was about 7.31% (Source: Voice and Data issue dated June 2003).

During the period other income increased by 475% from Rs 2.23 Lacs to Rs 12.83 Lacs which can be attributed to the interest earned on FDRs kept as margin money for Letters of Credit.

Raw Material Consumed

Our raw material consumption increased by 202.37% in comparison to the previous fiscal. During this year most of the orders executed by us were through tendering process from various Government departments, PSUs, and nationalized banks. The tenders were largely through competitive bidding process wherein we had to bid at lower margins so as to register higher revenue growth. Due to this our Gross Margin in percentage points dipped from 11.43% to 5.83%. However in Rupee terms our gross margin increased from Rs.816.13 lacs to Rs. 1183.83 lacs.

Staff Cost

Our staff costs for the period increased by 56.87% due to revised pay packages of existing employees. Further, increasing volume of business necessitated recruitment in various branches of the company, leading to substantial recruitment of manpower. However, in comparison to the increase in the turnover of the company this increase was not substantial.

Administrative and other expenses

The substantial growth of our business in the fiscal required us to expand our presence across the country, and our executives traveled extensively to various cities, which was the primary reason for the increase under this head by 15.48% in comparison to the previous year

Selling and Distribution Expenses

Selling and distribution expenses increased by 4.9% from Rs 45 lacs to 47 lacs. The increase was marginal as we shifted our focus to concentrate on obtaining high volume business from the Government, PSUs, etc, which did not require additional selling and distribution expenses.

Finance Expense

During the period, our financial expenses increased by Rs 25 lacs or 37.8%, largely due to increased borrowing to finance our working capital requirements. With the growth in turnover our increased working capital requirement was met through increase in bank finance and through back to back credit from our suppliers.

EBITD

Earning Before Interest, Tax and Depreciation (EBITD) for the fiscal year 2003 was Rs 500 Lacs, which increased by 62% in comparison to the previous year. However the EBITD margin fell during this period due to higher raw material costs and our strategy to focus on revenue growth through new client acquisition.

Income Tax

The provision for tax for the fiscal year 2003 increased to Rs 125 Lacs from Rs 22 Lacs. The increase was on account of discontinuation of tax benefit enjoyed by the Company under sections 80-IA, 80-IB and 10-A of the Income Tax Act, 1961.

Our network manufacturing and assembly facility established in the notified area of Jammu & Kashmir is eligible for income tax exemption upto 100% for 5 years as per section 80-IB of the Income Tax Act 1961.

PAT

PAT for the period increased by 30.03% in 2003 to Rs 245.67 Lacs from Rs 188.93 Lacs in 2002.

Comparison of Fiscal 2003 with Fiscal 2004**TOTAL INCOME**

Total Income reflected an increase of 35.39 % from Rs.20301 Lacs to Rs. 27484 Lacs in the fiscal year 2004. The growth in revenue was driven by new customer acquisition and repeat business from the existing clients. We maintained our strengths in the banking sector and received fresh/repeat orders from Punjab National Bank, HDFC Bank, Bank Of Punjab, Indian Overseas Bank, Dena Bank, ABN Amro Bank, Karnataka Bank Limited and Jammu and Kashmir Bank. We also received orders from organizations like Delhi University, New Delhi Power Ltd and National Informatics Centre. We ended the fiscal year 2004 as the third largest network integrator (Source; Voice & Data Online).

Our vision to sell wireless products to large buyers also saw light, as we were able to close one order for providing internet over wireless at more than 550 locations in Malappuram district of Kerala. We received this order despite competition from Sify, Bharti, Dishnet and Asianet. During this year we also successfully connected 10 branches of the Punjab National Bank on a wireless network set-up by us. This was the first time that wireless was used by any Nationalised bank to connect any of its branches in the country.

We also got our ISP category 'B' licence to provide Internet services in the Kerala circle.

During this year we started working on our diversification drive to provide Wireless based IP/VPN services through our own network. We articulated our business plan and initiated a market survey for the data connectivity business with our existing clients and other large users of connectivity. We were able to get our first order to provide connectivity to lottery vendors in some cities from the leading player in lottery business, i.e. Playwin. Subsequently, other lottery players also placed orders with us. These orders cemented our strategy to set-up a country wide Wireless based IP/VPN based network to provide data connectivity. However, these orders got executed only in the year 2004-05.

Other Income in the fiscal year 2004 was Rs. 18 Lacs as compared to Rs. 13 lacs in the year 2003, an increase of 36.55%, which can be mainly attributed to interest earned on FDRs with our banks.

RAW MATERIAL CONSUMED

Consumption of Raw material as a percentage of total income declined marginally to 91.71% in the fiscal year 2004 from 94.17% in 2003. This was primarily due to optimization in our sourcing policy with our overseas vendors. We entered into agreements with our overseas suppliers for procuring importing networking equipment at competitive prices representing a decrease in cost of raw material consumption.

We benefited from an increase in share from sale of wireless equipment, which has relatively higher margins. Our company tied up with Airspan of USA, WiLAN of USA and Witcom of Israel to procure efficient low cost wireless products.

Our manufacturing facility at Jammu, further helped us in cutting our costs through tax incentives provided for setting up a facility in the designated zone.

STAFF COST

There was an increase in Staff Cost by 38.28% from Rs. 386.97 lacs to Rs.535.11 lacs .This was due to increase in service branches followed by increased manpower nationwide. As our company continued to expand, we increased our recruitment of personnel at various locations across the country.

ADMINISTRATIVE AND OTHER EXPENSES

In comparison to the fiscal year 2003, the expenses under this head increased by 133.70%. The rise was on account of increased business activity, which required increased domestic and overseas travel by our company's executives and sales personnel.

SELLING AND DISTRIBUTION EXPENSES

Selling and Distribution expenses increased by 48.82%, in the fiscal year 2004. During the period we initiated a publicity drive wherein we increased our expenditure on advertisements and promotional activities to expand our brand awareness.

FINANCE EXPENSES

During the year we undertook some projects (Malappuram Project, Punjab National Bank, Government of Gujarat etc.,) which had a longer gestation period, thereby increasing our working capital requirement. To finance the working capital gap we increased our bank borrowings from Rs.397 lacs to Rs.1228 lacs, on account of which the cost of finance grew by 140%. .

EBITD

Earning Before Interest, Tax and Depreciation (EBITD) for the year 2004 was Rs. 1092.25 lacs, an increase of 118.27% over the previous year. Our EBITD increased due to an improvement in the gross margin and control over our expenditures.

DEPRECIATION

Depreciation increased by 74.4% from Rs.40.9 lacs in 2003 to Rs. 71.35 lacs in 2004. The higher depreciation was due to increased investments into infrastructure development projects.

INCOME TAX

Since the Company availed of tax benefits under section 80 IA , 80 IB and 10 IA of the Income Tax Act,1961, our provision for tax was Rs. 100.07 lacs in 2004 against Rs. 88.04 lacs in 2003.

Under Section 80 IB of the Act , having an undertaking in notified area of Jammu & Kashmir for manufacturing the product within a particular period enables the undertaking to claim tax benefit under said section.

Deferred Tax decreased by 38.51% during the year 2004, since the capital expenditure are not very high, therefore gap arising due to the timing difference has narrowed. Therefore, the provision for deferred tax has been decreased.

PAT

PAT for the period increased by 175.18% in 2004 to Rs.676.05 lacs from Rs. 245.67 lacs in 2003.

Comparison of Fiscal 2004 with Fiscal 2005

TOTAL INCOME

We registered total revenue of Rs 34,283.81 Lacs during the year under review, a 24.74% growth over the previous year. The growth in revenue was attributable to the following factors:

- a. During the year we initiated our Wireless based IP/VPN services to provide connectivity across cities, through our product "Tulip Connect". Within a short span we were able to execute orders worth Rs. 1,578 Lacs. The list of clients for this line of business includes HDFC Bank, Sapiant, Playwin, Inlott, etc. Our network was even able to connect remote cities like Guwahati, Rudrapur, Baddi and Parwanoo.
- b. We also augmented our network management services during the year and the revenue from this business increased from Rs 1099 Lacs in the fiscal year 2004 to Rs 1969 Lacs in the fiscal year 2005.

- c. Our network integration revenue grew in the year by 16.33% on account of higher repeat business orders.
- d. During the fiscal 2005, impetus of sales strategy further gained momentum and we bagged big orders from corporates like Sapient, Maruti, South East Central Railway, Jubilant Organosys, ICICI Onesource Philips, Allserve etc.

We successfully implemented project Akshaya, the first of its kind to provide internet on wireless backbone in the mountainous terrain of Kerala State. After the successful implementation of this project, the Government of India has earmarked a sum of Rs 3334 crores for implementing WAN right down to the panchayat level across the country.

Other Income in the year 2005 was Rs. 63.21 lacs as compared to Rs. 17.52 lacs in the year 2004, a significant increase of 260%. This was largely on account of increase in the interest earned on FDRs with our bankers

RAW MATERIAL CONSUMED

Consumption of Raw material as percentage of total income declined due to change in the product mix of the company and offering of services on the newly formed Tulip Connect network. In addition, with our Network Integration business increasingly focusing on providing wireless solutions, we were able to achieve higher margins as compared to lower margins inherent with traditional wired solutions. Our gross margin increased from 8.29% to 9.92%.

STAFF COST

Staff cost increased by 20.60% from Rs. 535.11 lacs to Rs.645.32 lacs .This was due to expansion in our service branches coupled with recruitment of additional manpower nationwide.

ADMINISTRATIVE AND OTHER EXPENSES

The expense under this head increased by 2.18 % during the current year in comparison to the previous year.

SELLING AND DISTRIBUTION EXPENSES

Selling and Distribution expenses increased by 47.93% in the fiscal year 2005. The increase was on account of increased expenditure on advertisement and publicity to strengthen our brand image.

FINANCE EXPENSES

Finance charges increased significantly by 64.63% during the year 2005. The rise in financial charges was on account of higher working capital loans and the term loan raised by us. During the year we availed of long term loans to finance capital expenditure on purchase of two properties at Delhi and Mumbai and equipment required for our IP/VPN business.

EBITD

Earning Before Interest, Tax and Depreciation (EBITD) for the year 2005 was Rs. 2056.80 lacs, an increase of 88.30% in comparison to the previous year.

DEPRECIATION

Due to fresh investments in the capital goods, i.e. purchase of properties and investment in our Wireless based IP/VPN business, depreciation increased 39.62% from Rs.71.35 lacs in 2004 to Rs. 99.62 lacs in 2005.

INCOME TAX

Since the Company has availed the tax benefit under section 80 IA , 80 IB and 10AA of the Income Tax Act, 1961 , henceforth, provision of tax is made of Rs.224.55 lacs in 2005 against Rs. 107.89 lacs in 2004.

Under Section 80 IB of the Act , having an undertaking in notified area of Jammu & Kashmir for manufacturing the product within a particular period enables the undertaking to claim tax benefit under the said section

Deferred Tax has increased by 80.78% during the year 2005, due to additional investment in the capital goods the timing difference on depreciation has increased, resulting the increase in the deferred tax.

PAT

PAT for the period has almost doubled to 98.04% in 2005 to Rs.1338.89 lacs from Rs. 676.05 lacs in 2004.

SECTION VI - LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or tax liabilities, overdues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (l) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its Subsidiary or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax, and no disciplinary action has been taken by SEBI or any stock exchanges against the Company save and except the following.

Contingent Liabilities not provided for (Rs. In lacs)

	As on 30.09.2005
I Outstanding Bank Guarantees	1264.54
II Claims against the company not acknowledge as debt	17.31
	1281.85

Outstanding litigation involving the Company:

1. By the Company

Sl. No.	Case No.	Party	Brief Description & Current Status of the Matter	Forum	Amount/ Claim (Rs)
Criminal Cases					
1.	76/2001 Complaint u/s 138 of NI Act.	M/s Tulip Software Ltd. Vs. M/s Deldot Systems Ltd and others	The present case is about dishonor of cheque. The accused accepted its liability but since, he is absconding, the chances of recovery of money are very slim. Financial Implication The Company may require to make a provision for Rs.8,07,550/-	ADJ, Patiala House Court New Delhi	Rs. 8,07,550/-
Company Petition					
2.	295/1999 Winding - up Petition	M/s Tulip Software Pvt Ltd. Vs. M/s Nokia Limited	The company has filed a winding up petition against Nokia Limited and has claimed an amount of Rs. 14,78,359/- owed by Nokia to the company. The case is on final arguments over a period of Time. Financial Implication The Company may require to make a provision for Rs.14,78,359/-	High Court, New Delhi	Rs. 14,78,359/-

- 2 Litigations / Disputes involving Securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad: NIL
- 3 Litigations involving statutory or other offences, including penalties imposed by any regulatory authority in India or abroad (present or past): NIL

2. Against the Company

Sl. No.	Case No.	Party	Brief Description & Current Status of the Matter	Forum	Amount/ Claim (Rs)
Civil Cases					
3.	1555/1999 Recovery Suit	M/s Thakral Computers Pvt Ltd. Vs. M/s Tulip Software Pvt. Ltd.	<p>In this case the Plaintiff has a claim of Rs. 45,54,560/- (which includes Rs. 29,64,000/) as actual amount and Rs. 15,90,560/- as interest). We have been informed that Tulip has paid Rs. 15,00,000/- to the Plaintiff and the only liability remaining is of Rs. 14,64,000/-. But the Interest asked by the Plaintiff is disputable. Tulip accepts its liability in this case.</p> <p>Status</p> <p>At present it is pending for admission denial.</p> <p>Financial implication</p> <p>The Company may require to make a provision for Rs.30,54,550/-</p>	High Court New Delhi.	Rs 45,54,560/- along with interest and cost.
4.	73/2000 Recovery Suit	Nokia Limited Vs. M/s Tulip Software Limited	<p>The present case is of suit for recovery of Rs. 2,35,470/- filed by Nokia against the Company in District Court, Tis Hazari. The company has informed that Nokia is making a false claim for prolonging the settlement of the matter pending at Delhi High Court.</p> <p>Status</p> <p>This case, as has been informed, is also on final argument.</p> <p>Financial Implication</p> <p>The Company may require to make a provision for Rs.2,35,470/-</p>	ADJ, Tis Hazari, New Delhi	Rs. 2,35,470/-

3. Against the promoters and Company:

Sl. No.	Case No.	Party	Brief Description & Current Status of the Matter	Forum	Amount/ Claim (Rs)
Case involving Statutory Authority					
5.	Demand Notice of Rs.1,23,631/-	Regional Provident Fund Commissioner	Demand of Rs. 1,23,631/- was made by the PF on account of non payment of dues. The Inspecting officer has reported to the court that later on the company has deposited the said sum with EPF authorities. Status There is no progress in the matter thereafter. Financial implication The Company may require to make a provision for Rs.1,23,631/-	Metropolitan Magistrate, Patiala House Court New Delhi	Rs. 1,23,631/-

4. Outstanding litigation against the group companies and subsidiary company of Tulip IT Services Limited - Nil
5. Litigation in relation to labour laws, and employee related cases: Nil
6. Litigation involving revenue authorities (customs/excise/sales tax/income tax/service tax):Nil
7. Litigation involving customers/suppliers/agents : As mentioned above.
8. Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against the company: Nil
9. Other Litigation: Nil

Non payment of statutory dues or dues to Banks / Institutions: Nil

Overdue interest/ principal as on current date: Nil

There have been no defaults and there are no overdues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigations/disputes/penalties or any proceedings known to be contemplated by government authorities.

No disciplinary action/investigation has been taken by the Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its Directors, Promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of Sec 370 (1B) of the Companies Act, 1956.

The Company, promoters, directors or any of the Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of Tulip IT Services Limited are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

No penalties were ever imposed by SEBI or any other regulatory body in India or abroad.

Other than those mentioned above, there is no litigation against Tulip IT Services Limited.

The Company does not owe sum exceeding Rs. 1 lac outstanding for more than 30 days to small scale undertakings or any creditor of Tulip IT Services Limited.

There are no litigations against any other company whose outcome could have materially adverse effect on the position of Tulip IT Services Limited including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

Litigation against Promoters:

Other than what has been disclosed above there are no pending litigations in which the promoters are involved. Further, no defaults were made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the promoters were associated in the past but are no longer associated.

Further, there are no litigations against the promoter involving violation of statutory regulations or alleging criminal offence.

There are no Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the issuer company as per section 370 (1B) of the Companies Act, 1956).

Litigation against Directors: There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the directors.

There are no past cases in which penalties were imposed by the concerned authorities on the issuer company or its directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty), any disciplinary action taken by the SEBI / stock exchanges against the issuer company or its Directors: Nil

Litigation against Group Company/ Associate Concerns: Nil

Other than as disclosed above, the promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Material developments since the last balance sheet

There are no material developments which have occurred since the date of the last financial statements disclosed (i.e. September 30, 2005) in this Prospectus, the Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of their consolidated assets or their ability to pay their material liabilities within the next 12 months other than as disclosed in the Prospectus.

2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

Investment Approvals

There is no investment approval required for investment in the Company from FIPB/RBI or any other authority.

Government approvals

In view of the indicative list of approvals mentioned below, we are permitted to undertake all the present or proposed activities and no further major approvals are required from any Government authority / statutory body to continue these activities. However, we may need to take additional approvals time to time, which

may be required to be taken in the normal course of the business.

Technical Approvals

There are no technical approvals required for the Company from any authority.

Approvals for the Business

We require various approvals and registrations to carry on our business in India and overseas. The approvals and registrations that we have received are detailed below:

The Company has received the following licenses / approvals:

- 1 Memorandum and Articles of Association of the Company along with the Certificate of Incorporation no.55- 48817 of 1992 -93 dated 19th May 1992 issued by the Registrar of Companies, NCT of Delhi & Haryana.
- 2 Category - 'A' Licence Agreement for Provision of Internet Service No. 820-820/04 dated 02.11.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- 3 Category - 'B' for Kerala Circle Licence Agreement for Provision of Internet Service No. 820-740/2003-LR dated 07.11.2003 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- 4 Category - 'B' for Mumbai SSA Circle Licence Agreement for Provision of Internet Service No. 820-776/04-LR dated 13.04.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- 5 Category - 'B' for Kolkata SSA Circle Licence Agreement for Provision of Internet Service No. 820-777/04-LR dated 13.04.2004 form Government of India, Ministry of Communications, Department of Telecommunications, Telecom Commission
- 6 Renewal certificate of Licence for Wireless receiving & transmitting apparatus dated 04.01.2005 issued under Indian Wireless Telegraph Act, 1933.
- 7 Following Sales Tax Registrations in different states:

Sl. No.	Certificate No.	Date	Unit
1.	107177-G	19.11.2004	Jammu
2.	400093/S/4042	25.06.2002	Mumbai
3.	ND 5117107	11.09.2001	Noida
4.	018718	06.04.1993	Delhi
5.	1021792/95-96	29.03.1996	Chennai

- 8 Certificate of Importer - Exporter Code IEC number 0594074975 dated 15.03.1995
- 9 Service Tax Registration certificate no. DL1/ST/online/106/Tulip/2002 dtd. 23.01.2002 under section 69 of Finance Act, 1994.
- 10 Excise Registration No. AAAC2717JXM001 Dtd. 21.11.2003 for manufacturing of excisable goods at Lane No. 4, Phase-II, SIDCO Industrial Complex, Bari Brahmana, J&K, Jammu,
- 11 Registration Certificate No. 1 of 2003 dated 19.06.03 issued under F. No. IV(16)Tech/18/Tulip/03 under the Customs(import of Goods at Concessional rate of duty for Manufacturing of Excisable Goods)Rules, 1996 at Lane No. 4, Phase-II, SIDCO Industrial Complex, Bari Brahmana, J&K, Jammu,
- 12 TIN number 07180164788 for Tulip IT Services Ltd.
- 13 PAN number of Tulip IT Services Ltd. is AAAC2717J.
- 14 Trade mark Registration No. 614201 dtd. 17.12.1993 for trademark "TULIP" under section 23(2), Rule 65(I) of Trade and Merchandise Marks Act, 1958.

- 15 Letter of Interest (LOI) for award of licence of Infrastructure Provider Category - II-(IP-II) No.10-04/2005/BS-I, from Government of India, Ministry of Communications & IT Department of Telecommunications (Basic Service Group).

It must be specifically understood that in giving the above approvals, the Central / State Government or RBI does not take any responsibility for financial soundness or correctness of the statements made by the Company.

Applied for, not received

S.No	Issuing Authority	Status	Nature
1	Trade Mark Registry, New Delhi	Applied for	Trade Mark "TULIP" for re-classifying under class 38 in respect of telecommunications.
2	Trade Mark Registry, New Delhi	Applied for	Trade mark " TULIP connect"
3	Trade Mark Registry, New Delhi	Applied for	Trade mark " RURAL connect".

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a resolution passed by the Board of Directors at its meeting held on July 13, 2005 and a Special Resolution passed by the shareholders at the Extra Ordinary General Meeting of the Company held on July 20, 2005.

PROHIBITION BY SEBI

Our Company, our directors or any of our associates or group companies and companies, wherein our directors are associated as directors or promoters have not been prohibited from accessing the capital markets under any direction or order passed by SEBI. None of the bodies corporate / natural person in control of the bodies corporate forming part of the promoter group has been restrained from accessing capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI or any other Authorities

ELIGIBILITY FOR THE ISSUE

Our Company is eligible for the issue in accordance with clause 2.2.1 of SEBI (DIP) Guidelines as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements.

- (a) Our Company has net tangible assets of at least Rs. 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines.
- (b) Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) of the immediately preceding five (5) years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines.
- (c) Our Company has a net worth of at least Rs. 1 Crore in each of the three preceding full years (of 12 months each) and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;
- (d) The proposed Issue size is not expected to exceed five times the pre Issue net worth of our Company and is compliant with clause 2.2.1(e) of the SEBI Guideline.
- (e) There has been no change in the name of our Company in the last one year

Our net tangible assets, monetary assets, net profits and net worth as derived from the unconsolidated financial statements (restated) as per Indian GAAP and included in this Prospectus under title "Financial statements" is set forth below:

Particulars	Rs. In Lacs				
	For the Year Ended				
	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005
Net Tangible Assets	575.70	984.65	1238.79	3148.71	7128.59
Monetary Assets	55.83	154.64	182.59	304.69	881.39
% of Monetary Assets to Tangible Assets	9.70	15.71	14.74	9.68	12.36
PAT	82.25	162.75	240.94	661.26	1391.17
Net Worth	301.75	568.68	805.20	1,861.71	4,653.07

- (1) Net tangible assets is 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).

We shall ensure that the number of allottees getting Equity Shares is not less than one thousand in number.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KARVY INVESTOR SERVICES LIMITED AND YES BANK LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION 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 THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, KARVY INVESTOR SERVICES LIMITED AND YES BANK LIMITED HAVE FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 15, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. 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 FINALIZATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- a THE RED HERRING PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- d WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.
- e. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, NCT OF DELHI AND HARYANA, IN TERMS OF SECTIN 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.
- f. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OF THE COMPANIES ACT, 1956 OR FROM THE

REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

GENERAL DISCLAIMER

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

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into among the Underwriters and us..

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

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

We certify that written consent from promoters has been obtained for inclusion of their securities as part of promoters' contribution subject to lock-in and the securities proposed to form part of the promoters' contribution subject to lock-in, will not be disposed/sold/ transferred by the promoters during the period starting from the date of filing the prospectus with SEBI till the date of commencement of lock-in period as stated in the prospectus.

Further, Lead Manager and the Issuer undertake to update the Prospectus and keep the public informed of any material changes till the listing and trading commencement.

JURISDICTION

This offer is 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 the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute an offer 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 offer 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 disputes arising out of this Issue will be subject to the jurisdiction of courts in New Delhi 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.

Investors may please note that Central Government/RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

The Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI has given its observations and that the Red Herring Prospectus has been filed with the Registrar of the Companies as per the provisions of Companies Act, 1956.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of the Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter No. NSE/LIST/17820-5 dated October 24, 2005, granted permission to the Company. to use the Exchange's name in the Red Herring Prospectus as one of the Stock Exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 10 Crores and market capitalisation shall not be less than Rs. 25 Crores at the time of listing). The Exchange has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

As required, a copy of the Red Herring Prospectus has been submitted to the Bombay Stock Exchange Limited. Bombay Stock Exchange Limited, Mumbai ("the Exchange") has given vide its letter No. DCS/Smd/sm/2005 dated October 7, 2005, permission to this Company to use the Exchange's name in the Red Herring Prospectus as one of the Stock Exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner

Warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring prospectus; or

Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

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

UNDERTAKING FROM PROMOTERS AND DIRECTORS

We accept full responsibility for the accuracy for the information given in the Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which makes 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 offer 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 promoters/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 Companies Act.

FILING

A copy of the Prospectus, has been filed with the division of issues and listing Corporation Finance Department of SEBI, at A Wing, Ground Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, has been delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana at New Delhi C.G.O. Complex, Paryavaran Bhawan, 2nd Floor, NCT, New Delhi - 110 003 and a copy of the Prospectus is being filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies.

LISTING

Initial listing applications have been made to Bombay Stock Exchange Limited (Designated Stock Exchange) and 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 any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 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.

The Company with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue.

CONSENTS

The written consents of Directors, Company Secretary, Auditors, Legal Advisors, Book Running Lead Managers to the Issue, Registrars to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

R. Chadha & Associates, our auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of the delivery of this Prospectus for filing with the RoC.

EXPERT OPINION

The company has obtained opinion from the Statutory Auditors with regard to the tax benefits available to category of investors. Further, the company has also obtained consent letter from Bank of India for providing opinion in terms of the Section 58 of the Companies Act, 1956

EXPENSES OF THE ISSUE

The expenses of the Issue payable by us inclusive of brokerage, fees payable to the Book Running Lead Managers to the Issue, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs.305.85 Lacs and will be met out of the proceeds of the present issue.

DETAILS OF FEES PAYABLE (Rs. in lacs)

Particulars	Amount	% of total issue expenses	% of total issue size
Book Running Lead Manager(s)	108.00	14.98	1.00
Registrars	20.00	2.77	0.18
Legal Advisor	2.00	0.28	0.02
Underwriting fees	108.00	14.98	1.00
Brokerage & Commission	108.00	14.98	1.00
Printing and Stationery	150.00	20.80	1.39
Advertising and Marketing Expenses	175.00	24.27	1.62
Others Expenses	50.00	6.94	0.46
Total	721.00	100.00	6.67

FEES PAYABLE TO BRLMs

The total fees payable to the Book Running Lead Managers including brokerage and selling commission for the Issue will be as per the letter of appointment dated August 01, 2005 and August 05, 2005 with Karvy Investor Services Limited and Yes Bank Limited respectively, a copy of which is available for inspection at the registered office of the Company.

FEES PAYABLE TO THE REGISTRARS TO THE ISSUE

The fees payable to the Registrars to the Issue will be as per the letter of appointment dated May 25, 2005 issued by the Company, a copy of which is available for inspection at the Corporate Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst the Company, the BRLMs and Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. The Company has not made any public issue or rights issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

Our Company has not made any previous issues of shares otherwise than for cash, except as stated in the section titled "Capital Structure" beginning on page no. 12 of the Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

We have not made any public or rights Issue since inception and hence we have not paid any commission or brokerage.

PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

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

However, the following companies have been declared to be under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956.

1. Cedar Infonet Technologies Private Limited
2. Sharad Enterprises Private Limited
3. Sukhmani Technologies Private Limited
4. Encore Technologies Private Limited

For more details, please refer to the section titled "Financial Information of Group Companies" beginning on page no.141 of this Prospectus.

PROMISES VS PERFORMANCE

Our Company has not made any public issue of shares since its incorporation. There are no group companies, which have made any public issues.

OUTSTANDING DEBENTURES OR BOND ISSUES OR PREFERENCE SHARES

Our Company has no outstanding debentures or bond issues.

STOCK MARKET DATA

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

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment/Share Certificates/Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Karvy Computershare Private Limited, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch/collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

Investors can also contact the Compliance Officer for any investor grievances.

Mr. Dinesh Kaushal

Chief Finance Officer cum
Company Secretary,
C-160, Okhla Industrial Area, Phase-I,
New Delhi - 110 020
Tel No. 91 011 - 51678001.
Fax No 91 011 - 51678002
Email : ipo@tulipit.com

CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There have been no changes in the auditors of the Company during the past three years

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

The Company has not capitalized its reserves or profits during the last five years, except as stated in the section titled "Capital Structure of the Company" starting on page no.12 of this Prospectus.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

The Company has not revalued its assets during the last five years.

PURCHASE OF PROPERTY

Except as stated in the section titled "Objects of the Issue" in this Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the 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 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 money is not material; or
- disclosure has been made earlier in this Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 116 of this Prospectus, we have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof

Servicing Behavior

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

SECTION VIII - ISSUE INFORMATION**1. TERMS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and the Articles of Association, the terms of the Red Herring Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a resolution passed by the Board of Directors at its meeting held on July 13, 2005 and a Special Resolution passed by the shareholders at the Extra Ordinary General Meeting of the Company held on July 20, 2005.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and the Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company, including rights in respect of dividends.

Mode of payment of Dividend

We shall pay the dividend to our shareholders as per the provisions of section 205C and other applicable provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of the Prospectus at a price of Rs. 120 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled "Main Provisions of the Articles of Association" on page no. 191 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 50 Equity Shares.

Nomination Facility to the Investor.

In the nature of the rights specified in Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or at the Registrar and Transfer Agents of the Company.

In the nature of the rights stated in Section 109B of the Companies Act, any Person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with our Company.

Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulations under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), the Company shall pay interest prescribed under Section 73 of the Companies Act.

If the number of allottees in the proposed issue is less than 1000 allottees, the Company shall forthwith refund the entire subscription amount received.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in New Delhi, India.

Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Subscription by Non-Residents/NRI/FIIs/Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Issue.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

Issue structure

The present Issue of 90,00,000 Equity Shares Rs. 10 each, at a price of Rs. 120/- for cash aggregating Rs. 10800 lacs is being made through the 100% Book Building Process.

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 9,00,000 Equity Shares	Up to 40,50,000 Equity Shares or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	Minimum of 12,15,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 28,35,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Upto 10% of the issue size	Upto 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only.	Minimum 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) Equity Shares shall be allotted on a proportionate basis to Mutual Funds in the Mutual Funds portion.	Proportionate	Proportionate

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		(b) Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.		
Minimum Bid	50 Equity Shares and in multiples of 50 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter.	50 Equity Shares and in multiples of 50 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 1,00,000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible employees being permanent employees or directors of the Company (or its subsidiaries), who are Indian Nationals based in India and are physically present in India on the date of submission of bid cum application form. In addition such persons should be employees or directors during the period commencing from the	Public Financial Institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.

Particulars	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	date of filing of Red Herring Prospectus with RoC upto to the bid/issue closing date. Promoter Directors are not eligible to be treated as eligible employees.	Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 million and Pension Funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to Eligible employees at the time of submission of Bid cum Application Form to the Syndicate Member.	QIB margin amount shall be payable at the time of submission of bid/application form to the Syndicate Members.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	Full bid amount on Bidding	10% of the bid amount.	Full Bid Amount on Bidding	Full Bid Amount on Bidding

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spillover from any other portions at the discretion of our Company, in consultation with the BRLMs.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the bid cum application form.

2. ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue to the public shall be available for allocation to QIB Bidders on proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the issue price. Further not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price within price band.

Bidders are required to submit their Bids through the Syndicate.

Investors should note that allotment to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.31 to Rs 38 per share, issue size of 7000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.38 per share while another has bid for 1,500 shares at Rs.37 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	38	500	30.33
1000	37	1500	40.44
2500	35	4000	180.56
3000	33	7000	300.34
4000	31	11000	450.65

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs.33 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut off price i.e., at or below Rs.33. All bids at or above this issue price and cutoff bids are valid bids and are considered for allocation in respective category.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:
“Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of equity shares that can be held by them under the relevant regulations or statutory guidelines.

Note: BRLMs shall not be entitled to subscribe to this issue in any manner except towards fulfilling their underwriting obligation.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits have to be adhered to by the mutual funds for investment in the equity shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Under the SEBI Guidelines 5% of the QIB portion has been specifically reserved for Mutual Funds.

Application by NRIs

Bid cum application forms have been made available for NRIs at the Registered Office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category. All instruments accompanying bids shall be payable in Mumbai only.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 2,90,00,000 Equity Shares of Rs.10/- each) Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

Bids by NRI's or FII's on repatriation basis.

Bids and revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than or equal to Rs. 100,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 50 Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000; for further details, please refer to the sub-section titled "Maximum and Minimum Bid Size" on page no.171 of this Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of our Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital Investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

The above information is given for the benefits of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes if applicable laws or regulations, which may happen after the date of the Prospectus. Bidders are advised to make their independent investigations and ensure that the number of equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

- (c) **For Bidders in the Employee Reservation Portion:** The Bid by Eligible Employees must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 9,00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at "Cut-off".

Information for the Bidders

- (a) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date/ Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares according to the terms of the Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.
- (e) Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid.

Method and Process of Bidding

- (a) The Company and the BRLMs shall declare the Bid Opening Date/Issue Opening Date, Bid Closing Date/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines as amended vide SEBI Circular No.SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The BRLMs

and Syndicate Member shall accept Bids from the Bidders during the issue Period in accordance with the terms of the Syndicate Agreement.

- (b) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
- (c) The Bidding Period shall be a minimum of at least three working days and not exceed seven working days. In case the price band is revised, the revised price band and Bidding Period will be published in two widely circulated newspapers (one each in English and Hindi) and the Bidding period will be extended for the further period of three days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure-Bids at Different Price Levels" on page 172 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page 175 of the Red Herring Prospectus.
- (f) The BRLMs and Syndicate Member will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page 174 of the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 100 to Rs. 120 per Equity Share of Rs. 10 each, Rs. 100 being the Floor Price and Rs. 120 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (one).
2. In accordance with SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English & Hindi), and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

4. Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.1,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders or eligible employees who bid at the Cut-off Price agree that they shall purchase the Equity Shares at the issue price, as finally determined, which will be a price within the price band. Retail Individual Bidders bidding or eligible employees at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders or eligible employees who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders or eligible employees, who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders or eligible employees, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs.1,00,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or eligible employees, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 50 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5,000 to Rs.7,000.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Escrow Mechanism

Our Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure-Payment Instructions" on page no. 182 of the Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable margin amount at the time of submission of the bid cum application form. The margin amount payable by each category of bidders is mentioned under the section titled, "Issue procedure" on page No.167 of the Red Herring Prospectus. Where the margin amount applicable to the bidder is less than 100% of the bid price, any difference between the amount payable by the bidder for equity shares allocated/allotted at the issue price and the margin amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date which shall be minimum period of 2 days from the date of communication of the allocation list to the Members of the Syndicate by the BRLMs. If the applicable margin rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

QIB Bidders, will be required to deposit a margin of 10% at the time of submitting of their Bids. After the Issue closing date/Bid closing date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, may be called for from the QIB.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The Syndicate Member will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and its authorised agents during the Bidding Period/Issue Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding Period/Issue Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).

- Investor Category - Individual, Corporate, FII, NRI or mutual fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant identification no. and client identification no. of the demat account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Bids would not be rejected except on the technical grounds listed in the Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the Syndicate Member shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- (d) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (f) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid Closing Date/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the company.
- (b) The Company, in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be Allotted in each portion and the allocation to successful QIB Bidders.
- (c) The allocation for QIB Bidders for up to 50% of the Issue (including 5% specifically reserved for Mutual Funds) would be on proportionate basis in consultation with the Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the Section titled "Basis of Allotment - Allotment to QIB Bidders" on page no.185. The allocation to Non-Institutional Bidders not less than 15% and Retail Individual Bidders not less than 35% each of the Issue, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Allocation to QIBs, Non Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for allotment of Equity Shares to them.
- (e) Under subscription, if any, in any category, other than QIB category, would be allowed to be met with spill over from any other categories at our discretion in consultation with the BRLMs. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the net offer to the public and allocated in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page 185 of the Red Herring Prospectus.
- (f) The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid Opening Date/Issue Opening Date without assigning any reasons whatsoever.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the prospectus with the ROC

We will file a copy of the prospectus with the Registrar of Companies, NCT of New Delhi and Haryana in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Advertisement regarding Issue Price and Prospectus

The company will issue a statutory advertisement after the filing of the Prospectus with the ROC in two widely circulated newspapers (one each in English and Hindi). This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the issue price along with a table showing the number of Equity Shares, Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

- (a) The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire bid amount into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

Designated Date and Allotment of Equity Shares

- a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the issue account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account Allotment of the Equity Shares to the allottees within two working days of the date of Allotment.
- b) All allottees will receive credit for the Equity Shares directly in their depository account. Equity Shares will be offered only in the dematerialized form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- c) After the funds are transferred from the Escrow Account to the Public issue account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this issue.

GENERAL INSTRUCTIONS**Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- Ensure that bid cum application number is written on the reverse of the cheque/demand draft.
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders)
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable Regulations;
- Do not submit Bid accompanied with Stockinvest.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs and applying on repatriation basis and pink colour for eligible employees).

- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- The Bids from the Retail Individual Bidders must be for a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by employees

1. Bids by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form, (i.e., pink colour form).
2. Eligible Employees should mention their Employee ID at the relevant place in the Bid cum Application Form.
3. Only Eligible Employees, who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form and such person is an employee or Director during the period commencing from the date of filing of the Red Herring Prospectus with the RoC upto the Bid/Issue Closing Date would be eligible to apply in this Issue under the Employee Reservation portion on a competitive basis.
4. The sole/first Bidder should be an Eligible Employee. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
5. Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under this category.
6. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. Eligible Employees should ensure that such Bids (whether at Cut-Off or not) should not exceed Rs.100,000, failing which such Bids may be rejected.
7. The maximum Bid in this category should not exceed 900,000 Equity Shares.
8. If the aggregate demand in this category is less than or equal to 900,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any under-subscription in Equity Shares reserved for Eligible Employees would be treated as part of the Net Offer to the Public and allotment shall be in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page 185 of the Red Herring Prospectus.
9. If the aggregate demand in this category is greater than 900,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 50 Equity Shares. For the method of proportionate basis of allotment, refer to section titled "Basis of Allotment" on page 185 of this Prospectus.
10. Bidding at Cut-off is allowed only for Eligible Employees whose Bid amount is less than or equal to Rs.100,000.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application

Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

The Company, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from the Registered Office of the Company at C- 160, Okhla Industrial Area, Phase - I, New Delhi - 110 020 Tel. No: 011-51678001, Fax No: 51678002 or Registrar to the Issue or BRLMs whose addresses are printed on the cover page of the Red Herring Prospectus.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By FIIs for a minimum of such number of Equity Shares and in multiples of 50 thereafter that the Bid Amount exceeds Rs.1,00,000. For further details see section titled "Issue Procedure-Maximum and Minimum Bid Size" on page 171 of the Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs, or in the names of foreign venture capital funds, multilateral and bilateral development financial institutions, but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees, foreign venture capital investors.
- Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency. It is to be distinctly understood that there is no reservation for NRIs and FIIs. All NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

There is no reservation for non-residents, NRIs, FIIs and foreign venture capital funds and all non-residents, NRI, FII and foreign venture capital fund applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) *Payment into Escrow Account*

- The Bidders shall, along with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
- The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - * In case of QIB Bidders "Escrow Account - Tulip Issue - QIB"
 - * In case of Resident Bidders: "Escrow Account - Tulip Issue"
 - * In case of Non Resident Bidders: "Escrow Account - Tulip Issue - NR"
 - * In case of Eligible Employees: "Escrow Account - Tulip Issue - Employees"
- In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non-Resident Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Account of the Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Banker to the Issue.
- On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stock Invest

In terms of the Reserve Bank of India Circular No.DBOD No.FSC BC 42/27.47.00/2003-04 dated November 05, 2003, the option to use the Stock Invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through Stock Invest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form provided however that for QIB Bidders the Syndicate Member shall collect the QIB margin and deposit the same in specified Escrow Account.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions*Joint Bids in the case of Individuals*

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by eligible employees both under employee reservation portion as well as in the net offer to the public shall not be treated as multiple bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

Our Company's right to reject Bids

In case of QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders who Bid, our Company and BRLMs have a right to reject Bids on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

- Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:
- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs. 50,000 or more;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bank account details for refund are not given;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders.
- Bids for number of Equity Shares, which are not in multiples of **50 shares**;
- Category not ticked;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and /or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMS or the Syndicate Member;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- Bids accompanied by Stock Invest;
- Bids under employee reservation portion for more than 900000 equity shares ;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure-Bids at Different Price Levels" at page 172 of the Red Herring Prospectus;
- Bids by OCBs; and
- Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Basis of Allotment.**A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 50 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 28,35,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,15,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 12,15,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - a) In the first instance allocation to Mutual Funds for upto 5% of the QIB portion shall be determined as follows:
 1. In the event that Mutual Fund bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the QIB portion.
 2. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the issue price.
 3. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below.
 - b) In the second instance, allocation to all QIBs shall be determined as follows:
 1. In the event that the oversubscription in the QIB portion, all QIB Bidders who have submitted Bids above the issue price be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.

2. Mutual Funds, who have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
3. Under subscription below 5% of the QIB portion, if any, from Mutual Funds would be included for allocation to the remaining QIB Bidders on a proportionate basis.

D. For Employee Reservation Portion

Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 9,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 9,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares. For the method of proportionate basis of allocation, refer below.
- The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLM.

Method of proportionate basis of allocation in the QIBs, Retail and Non-Institutional Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 50 Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above;
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

The Executive Director /Managing Director of the Designated Stock Exchange along with the Book Running Lead Managers 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.

Dispatch of Refund Orders

We shall ensure dispatch of refund orders of value over Rs. 1500/- and share certificates by registered post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by us.

Letter of Allotment or Refund Orders

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We 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 only at the sole or First Bidder's sole risk and adequate funds for the purpose shall be made available to the Registrar by us.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of the finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;

We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

- Complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- The funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- Refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be dispatched within the specified time;
- No further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Equity Shares in Dematerialised Form with NSDL or CDSL

The allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated August 22, 2005 with NSDL, Tulip IT Services Ltd and Registrar to the Issue ; and
- a tripartite agreement dated November 17, 2005 with CDSL, Tulip IT Services Ltd and Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Impersonation

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

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

Undertaking by our Company

The Company undertakes :

- that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- that the refund orders or allotment advice to the non-resident Indians shall be dispatched within specified time; and.
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue Proceeds

The Board of Directors of our Company certifies that:

- all monies received out of the Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested;

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500/-, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or First Bidder's sole risk and adequate funds for the purpose shall be made available to the Registrar by the Company.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertake that:

- Allotment shall be made only in dematerialised form within 15 days of the Bid Closing Date/Issue Closing Date;
- dispatch of refund orders shall be made within 15 days of the Bid Closing Date/Issue Closing Date; and

- to pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock.Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the telecom sector is permitted up to 100% under the automatic route. By way of Circular No. 53 dated December 17, 2003, RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. Non-resident Bidders are not required to make separate applications seeking permission from the FIPB or RBI.

The above information is given for the benefit of the Bidders and neither the Company nor the BRLMs are liable for any changes in the regulations after the date of the Prospectus.

SECTION IX DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLE OF ASSOCIATION

A. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL

- 3) The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and provisions of the Companies Act, 1956 for the time being in force in that behalf with the powers to divide the share capital whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provision of the Companies Act, 1956.
- 4) The Directors may, from time to time, with the sanction of the Company in General meeting by ordinary resolution increase the share capital of the Company by such sum to be divided into shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given, as the Directors may determine.
- 5) The Company may by ordinary resolution -
 - a) consolidate and divide all or any of its share Capital into shares of large amount than its existing shares.
 - b) Sub-divide its existing shares or any of them into shares of similar amount than is fixed by the Memorandum of Association, subject nevertheless to the provision of clause (d) of sub-section (l) of section 94 of the Act.
 - c) Cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- 6) The Company may, subject to the provisions of Section 100 to 105 of the Act, reduce in any manner, from time to time, by resolution :
 - a. its share capital
 - b. any capital redemption reserve fund or any share premium account.
- 6A) The Company shall comply with the provisions of Section 81 of the Act with regard to the issue of any further shares.

SHARES

- 7)
 - a) Subject to the provisions of Section 81 of the Act and these articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) and at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
 - b) The allotments of shares shall be made by the Board of Directors as its meetings only by passing resolutions.
 - c) Fully paid up shares may also be allotted to minors through their guardians.
- 8) An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise agrees to accept in writing the shares and whose name is entered on the register of members shall for the purpose of these Articles, be a shareholder.

- 9) If by the conditions of allotment of any shares, the whole or a part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time shall be the registered holder of the shares of his heirs, executors administrators and legal representatives.
- 10) Every member or his heirs, executors, assignees or other representatives shall pay to the Company the portion of the capital represented by his share or share which may for the time being remain unpaid thereon, in such amounts, at such time or times in such manner as the Board of Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof and so long as any moneys are due, owing and unpaid to the Company by any member or any account, howsoever, such member in default shall not be entitled at the option of the Directors, to exercise any rights or privileges available to him.
- 11) The Directors may also allot and issue shares in capital of the Company, in full or part payment, for any property sold or transferred, goods or machineries supplied or for services rendered to the Company in or about the formation of the Company or the conduct of its business.
- 12) The shares to be allotted as specified in article 12 may be either partly paid up or fully paid up.
- 13) If any shares stand in the names of two or more persons, the person first named in the register of members shall as regards receipt of dividend, bonus or service of notice and all or any other matters connected with the Company, except voting at meetings and the transfer of shares, be deemed the sole-holder thereof but joint-holder of shares shall be severally as well as jointly liable for the payment of all installments and calls in respect of such shares and for all incidents thereof according to the Company's regulations.

CERTIFICATE OF SHARES

- 14) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
- 15) The certificate of title to shares and duplicates thereof, when, necessary, shall be issued under the seal of the Company in accordance with the provisions of Section 84 of the Act and the rules thereunder.
- 15A) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this article shall mutatis mutandis apply to debentures of the Company.

- 15B) The Board of Directors are authorized to split /sub-divide/consolidate share certificates in accordance with the rules prescribed therefor, and all the rules in this regard shall mutatis mutandis apply to such shares certificates.

15C) Dematerialization of Securities

Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialize its securities, rematerialize its securities held by the depositories and/or to offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

Option given to investors

Every person shall have the option to hold the securities with a depository. Such a person who is a beneficial owner of the securities can at any time opt out of a depository in respect of such security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depository to be in fungible form

All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a depository in respect of securities held by it on behalf of the beneficial owners. No certificate shall be issued for the securities held by the depository.

Voting Rights of Depository and beneficial owner

The depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner.

Save as otherwise provided herein above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

Every person holding securities and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of such of his securities that are held by the Depository.

Allotment of securities by the Depository

Notwithstanding anything contained in the Act or the Articles, where the Depository holds the securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of beneficial owners

The register and index of beneficial owners maintained by the Depository under the security holders for the purpose of these Articles except as is mentioned in the provisions of Section 150, 151 and 152 of the Act.

Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

- 16) The certificates of shares registered in the name of two or more person shall unless otherwise directed by them be delivered to the person first named on the register of Members.

CALLS IN ADVANCE ON SHARES

- 16A) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these articles shall mutatis mutandis apply to the calls on debentures of the Company.

TRANSFER OF SHARES

- 17) Subject to Section 108 of the Act, every instrument of transfer duly stamped must be accompanied by the certificate of share proposed to be transferred and such other evidence as the Directors may require to prove the title of the transferor or his right to transfer the shares. In case the certificate has been lost or destroyed, the Directors may waive its submission on production of evidence of its loss or destruction to the satisfaction of the Directors.
- 18) No transfer of shares shall be made or registered unless it be as between the joint shareholder inter se without the previous sanction of Directors who may in their absolute and unrestricted discretion without assigning any reason, decline to give any such sanction, subject to section 111 of the Companies Act, 1956.
- 19) The Company shall keep at its Registered Office a 'Register of transfers' and therein shall be firmly and distinctly entered the particulars of every transfer or transmission of shares. Subject to the provisions of Section 154 of the Act, the Directors shall have power to close the 'Register of members' for the such periods, not exceeding forty five days in aggregate in a year and thirty days at any one time, as may seem expedient to them.
- 19A) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- 19B) That a Common form of transfer shall be used and the instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- 19C) No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

LIEN ON SHARES

- 19D) That fully paid shares / debentures shall be free from all lien and that in case of partly paid shares / debentures, the Company shall have a first and paramount lien upon all the shares/debentures registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

UNPAID OR UNCLAIMED DIVIDEND

- 19E) The Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.

No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

BORROWING POWERS

- 20) Subject to the provisions of section 58A and 292,293 of the Companies Act, 1956 and Regulations made thereunder and directions issued by the R.B.I. the Directors may, from time to time and at their discretion, borrow or raise any sum or sums of money for the purposes of the Company in such manner and on such terms and conditions in all respects as they think fit without security or any security of all or any part of the movable and immovable properties of the Company and in particular, subject to Articles 48(b) hereof, by the issue of debenture stock of the Company charged upon the whole or any part of the undertaking of the Company or upon any assets of the Company, both present and future, including its uncalled capital for the time being.
- 21) Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the general meeting by a special resolution.

REGISTRATION OF CHARGES

- 22) Where a charge of the nature referred to in section 125 of the Act is created by the Company, the Company shall, within 30 days after its creation, file the particulars of the charge along with necessary documents with the registrar of companies in accordance with provisions of Section 125 of the Act. The company shall also duly comply with the relevant provisions of part V of the act in connection with registration of the charges.

GENERAL MEETINGS

- 23) No business shall be transacted of any General Meeting unless a quorum of members is present. Five members present in person shall form quorum for the General Meetings.
- 24) (a) (i) The Board of Directors, may, whenever it think fit, call an Extraordinary General Meeting.
- (ii) If any time there are not within India, Directors capable of acting who are sufficient in numbers to form a quorum, any Director or any two members of the Company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board of Directors.
- (iii) Subject to Section 190 and 219 of the Companies Act, 1956, any General Meeting may be called by giving to the members clear seven days notice or a shorter notice than of seven days if consent thereto is given by members in accordance of the provisions of Section 171 of the Companies Act, 1956.
- (b) One of the Directors shall preside at every General Meeting but if any meeting no Director is present within 30 minutes after the time appointed for holding the meeting or shall be unwilling to preside the members present may choose one of them to be the Chairman of the meeting.
- 25) A member of the Company entitled to attend and vote at any General Meeting of the Company shall be entitled to appoint another person, who need not be a member of the Company, as his proxy to attend and vote in his place.
- 26) Subject to any rights or restrictions for the time being attached to any class or classes of shares, on show of hands every member present in person shall have one vote for every share held by him and on a poll, the voting rights of members shall be as laid down in Section 87 of the Act. Provided however, the power, to grant voting rights in respect of preference share is vested with the Board of Directors.
- 27) No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.
- 28) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, in case convened upon the requisition of member, shall stand dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place.

-
- 29) That the Company shall hold annual meeting within six months of the closing of accounts and 15 months from the date of last annual general meeting subject to the provisions of section 166 of the Act.

DIRECTORS

- 30) Subject to the provisions contained in the Articles and the limitations imposed by the Act, the Directors shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do.
- 31) The number of Directors shall not be less than three and not more than twelve.
- 32) The Directors shall not be required to hold any qualification shares in the Company.
- 33) The following shall be the first Directors of the Company: -
1. Mrs. Basant Grover
 2. Mrs. Neelmani Singh
- 34) The Board of Directors may meet for transacting the business, adjourn it and otherwise regulate its meeting, as it thinks fit.
- 35) A Director may and on the requisition of a Director, the Secretary shall, at any time, summon the meeting of the Board of Directors.
- 36) Two Directors or one third of total strength of directors, whichever is higher, shall form a quorum for the Directors meeting, subject to Section 287 of the Act.
- 37) The Board of Directors may elect a Chairman or its meeting and determine the period for which he is to hold Office. If no such Chairman is elected or if at any meeting, the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of them to be the Chairman of the meeting.
- 38) (a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board of Directors shall be decided by a majority of votes.
- (b) In case of equality of votes, the Chairman of the Board, meeting, shall have a second or casting vote.
- 39) The Board of Directors shall have powers to appoint, from time to time, any other person or persons to be additional Director or Directors but so that total number of Directors shall not at any time exceed the maximum number fixed by these Articles.
- 40) Subject to Section 313 of the Act, the Board may appoint any person to set as an Alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board of Directors are ordinarily held such appointment shall have effect and such appointee whilst he hold offices as an Alternate Director, shall be entitled to notice of meeting of the Board of Directors and to attend and vote there at accordingly, but he shall ipso facto vacate office if and when the absentee Director returns to the State in which meetings of the Board are ordinarily held or the absentee Director vacates Office as a Director.
- 41) Director shall be liable to retire from the office by rotation.
- 42) The Board of Directors may, decide to pay to a Director out of funds of the Company by way of sitting fees a sum not exceeding Rs. 1000/- (Rupees One Thousand Only) for each meeting of the Board or any Committee or sub-committee thereof attended by him in addition to his traveling, boarding and lodging and other expenses incurred. Subject to the Provisions of the Companies Act, and Rules made thereunder.
- 43) If any Director, being willing, shall be called upon to perform extra service or to make any special exertions in going or residing away from the place of his normal residence for any of the purposes of the Company or has given any special attendance for any business of the Company, the Company may remunerate the Director so doing either by a fixed sum or by a percentage on profits or otherwise as may be determined by the Directors and such remuneration above provided subject to Section 198, 268, 309, 314 and Schedule XIII of the Act.
- 44) Subject to the provisions of Section 289 of the Act, and except a resolution which the Companies Act, 1956 requires it specially to be passed in a Board of Directors meeting, a resolution determined by majority

without any meeting of Directors and evidenced by writing to have been circulated amongst all the Directors shall be as valid and effectual as a resolution duly passed at a meeting of the Directors.

- 45) The Board of Directors shall exercise the following powers on behalf of the Company only means of resolutions passed at meetings of the Board: -
- i. the power to make calls on shareholders in respect of money unpaid on their shares.
 - ii. the power to issue debentures.
 - iii. The power to borrow moneys otherwise than on debentures
 - iv. The power to make loans.
- 46) (a) The Board of Directors may, from time to time and subject to the restrictions contained in Sections 292 of the Act, delegate to a committee or committees consisting of one or more directors or to managers, secretaries, officers, assistants and other employees or persons any of the powers, authorities and discretions for the time being vested in the Directors and may, at any time revoke such powers, authorities and discretions.
- (b) Subject to provisions of Articles 57 all deeds agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted or endorsed by the persons authorised by the Board of Directors in this behalf.
- 47) Subject to the provisions of Section 297 and 299 of the Act, no Director shall be disqualified, by virtue of his office, for contracting with the company, either as vend or purchaser of otherwise nor shall any contract or arrangement entered into by or on behalf of the company with a Director or any company or partnership firm in which a director is a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized from any such contract or an arrangement by reason only of such director holding that office or of the fiduciary relationship thereby established, provided that he shall disclose the nature of his interest at the meeting of Directors at which the contract or arrangement is determined, if his interest then exists or in any other case at the first meeting of Directors after the acquisition of his interest and such Director shall be entitled to be present at the meeting during the transaction of the business in which he is so interested a aforesaid and shall be reckoned for the purpose of ascertaining whether there is a quorum of directors present.

A general notice that the Director is a member of a specified firm or company shall, as regards any such transaction be sufficient disclosure under this article and after such general notice it shall not be necessary for the interested Director to give any special notice relating to any particular transaction with such firm or company. Such Director may also vote as a Director in respect of any such contract or arrangement in which he is so interested as interested.

THE SEAL

- 57) The Company shall have a Common Seal and the Board of Directors shall provide for the safe custody thereof. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors in the presence of at least one Director or Two Directors, if so required by law and such Director or Directors shall sign every instrument to which the seal be affixed in his/their presence. Such signatures shall be conclusive evidence of the fact that the seal has been properly affixed. This is, however, subject to Rule 6 of the Companies (issue of Share Certificates) Rules, 1960.

ACCOUNTS

- 58) (a) The Books of Accounts shall be kept at the Registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
- (b) The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or documents of the Company or any of them, shall be open for inspection to members not being directors and no member (not being Directors) shall have any right of inspection to any books of account or document of the Company, except as conferred by law or authorized by the Directors or by the Company in the General Meeting.

- (c) Balance Sheet and Profit & Loss Account will be audited once in a year by a qualified auditors for correctness as per provisions of the Act.
- 59) (a) The Directors may fill up casual vacancy in the office of the Auditors.
- (b) The remuneration of the auditors shall be fixed by the Company in the Annual General Meeting as otherwise decided or that remuneration of the auditors appointed by the Directors may be fixed by the Directors.

INDEMNITY

- 63) Subject to section 201 of the Act, the Directors, Auditors, Secretary and other Officers for the time being of the Company and trustees for the time being in relation to any of the affairs of the Company and their heirs, executors and administrators respectively shall be indemnified out of the assets of the company from and against all bonafide suits, proceedings, costs, charges, losses, damages and expenses which, they or any of them shall or may incur or sustain by reason of any act done or committed in or about the execution of their duties in their respective offices or trusts except such (if any) as they shall incur or sustain by or through their own willful neglect or default.
- 64) Subject to the provisions of Section 201 of the Act, no Director, Manager or other Officer of the Company shall be liable for the acts, receipts neglects of any other Director or for joining in any receipts or other acts for conformity or for any loss or expenses happening to the Company though the sufficiency or deficiency of this to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency of any person with whom any moneys, securities or effects shall be deposited or for any loss, damage or misfortune which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own willful neglect or default.

WINDING UP

- 65) (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the act, divide amongst the members, in specie or kind or otherwise, the whole of or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose the aforesaid liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
 - (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as that liquidator shall think fit but so that no member shall be compelled to accept any shares or such other securities whereon there is any liability.

ARBITRATION

- 66) Whenever any difference or dispute arises between the Company on the one hand and any of the members or their heirs, executors, administrators, nominees or assignees on the other hand or between the members inter-se or their respective heirs, executors, administrators, nominees or assignees on the other hand or between the members inter-se or their respective heirs, executors, administrators, nominees or assignees inter-se touching the true intent, construction or incident or consequences of these Articles or touching anything done, executed, omitted or suffered in pursuance thereof or to any affairs of the Company, every such dispute or difference shall be referred to the sole arbitration of the Chairman for the time being of the Company or to some person appointed by both parties and it will be no objection that he is an Officer of the company or that he had to deal with such disputes or differences and it is only after an Award is given by such Arbitrator that the parties will be entitled to take any other proceedings relating to such disputes differences and award. The Award made by such Arbitrator shall be final and binding on the parties. The arbitration shall be conducted according to the provisions of the Arbitration Act, 1940.

SECRECY

- 67) Subject to the provisions of the Act, any Director or Officer of the Company shall be entitled to, if he thinks fit, decline to answer any question concerning the business of the Company on the ground that the answer to such question would disclose or tend to disclose the secrets of the Company.

SECTION X - OTHER INFORMATION**1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts(not being contracts entered in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered or to be entered into by our company. These contracts, copies of which have been attached to the copy of the Prospectus, delivered to the Registrar of Companies, NCT of Delhi & Haryana at New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of our company situated at C-160, Okhla Industrial Area, Phase-I, New Delhi - 110020 between 11:00 am. to 5:00 p.m. on any working day from the date of the Prospectus until the bid / issue closing date.

Material Contracts

1. Memorandum of Understanding and interse allocation of responsibilities between the Lead Managers dated August 22, 2005 entered into with Karvy Investor Services Limited and Yes Bank Limited to act as the Book Running Lead Managers for the proposed public issue.
2. Memorandum of Understanding dated August 18, 2005 entered into with Karvy Computershare Private Limited, to act as the Registrar to the Issue.
3. Letters dated August 01, 2005 and August 05, 2005 from our Company appointing Karvy Investor Services Limited and Yes Bank Limited as the Book Running Lead Managers.
4. Letter dated 26th May, 2005 appointing Karvy Computershare Private Limited as the Registrars to the Issue.
5. Escrow Agreement dated November 21, 2005 among Escrow Collecting Banks, BRLMs, Registrar and Our Company.
6. Syndicate Agreement dated November 21, 2005 among BRLMs, Syndicate Member and our Company.
7. Underwriting Agreement dated December 21, 2005 among BRLMs, Syndicate Member and our Company.
8. Copies of quotations obtained for capital equipment.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our Certificate of incorporation dated May 19, 1992
3. Fresh Certificate of incorporation consequent upon change of name from "Tulip Software Limited" to "Tulip IT Services Limited" dated January 10, 2002
4. Resolution passed by the Board of Directors of our Company on July 13, 2005 and by the shareholders of our Company at the Extra Ordinary General Meeting held on July 20, 2005 pursuant to Section 81(1A) of the Companies Act, 1956.
5. Copies of Annual reports of our Company for the years ended March 31, 2001, 2002, 2003, 2004 and 2005.
6. Copy of the tax benefit report dated June 22, 2005 from our Statutory Auditors.
7. Report of our statutory Auditors M/s. R.Chadha & Associates dated 7.11.2005 for consolidated and unconsolidated financial statements mentioned in the Prospectus.
8. Copies of annual reports of the subsidiary, M/s. Tulip IT Services Singapore Pte. Limited.
9. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Legal Advisor to the Issue, Directors, Company Secretary, Registrars, Bankers to the Issue, Compliance Officer as referred to, in their respective capacities.
10. General Power of Attorney executed by our Directors in favour of Mr. Dinesh Kaushal, CFO & Company Secretary for signing and making necessary changes in the Draft Red Herring Prospectus, Red Herring Prospectus and prospectus.

11. Listing application filed with BSE and NSE
12. In principle listing approvals from BSE dated October 7, 2005 and NSE dated October 24, 2005.
13. Copies of the Service Agreement entered into with the Managing Director and Executive Director.
14. Legal Advisor's due diligence report dated June 24, 2005 and addendum to the due diligence report dated August 23, 2005.
15. Resolution of the Meeting of the Board of Directors held on May 25, 2005 for the constitution/ Reconstitution of the Company's Audit Committee, Investors Grievances Committee, and Remuneration Committee.
16. Tripartite agreement between the NSDL, our Company and Karvy Computershare Private Limited dated August 22, 2005.
17. Tripartite agreement between the CDSL, our Company and Karvy Computershare Private Limited dated November 7, 2005.
18. Due Diligence Certificate dated September 15, 2005 to SEBI from Karvy Investor Services Limited and Yes Bank Limited.
19. SEBI observation letter No CFD/DIL/SM/ISSUES/52761/2005 dated October 25, 2005.
20. Resolution of the Members of our Company passed at the Annual General Meeting held on August 12, 2005 appointing M/s. R.Chadha & Associates., Chartered Accountants, New Delhi as statutory auditors.
21. Copies of the forms along with the relevant resolutions regarding increase in the Authorised Share Capital.
22. Copies of letters dated April 21, 2005 and July 30, 2005 received from Bank of India and Indian Overseas Bank respectively sanctioning term loan and credit facilities.
23. Copy of the letter dated June 13, 2005 received from Yes Bank Limited sanctioning short term loan/ working capital of Rs.1500 lacs.
24. Copy of the Board Resolution dated September 13, 2005 approving the Draft Red Herring Prospectus.
25. Relevant extracts from Bank of India appraisal report with regard to Industry Information.
26. Copies of various Government approvals obtained by our Company.
27. Statutory Auditors certificate dated November 07, 2005 regarding sources and deployment of funds as on September 30, 2005.
28. Legal Advisor certificate regarding litigation.
29. Copy of Bank of India Appraisal report dated August 13, 2005 and addendum to the appraisal note dated August 30, 2005 and September 9, 2005
30. Copy of ICRA Techno -Economic feasibility report dated July 14, 2005
31. Copy of ISO Certification 9001: 2000 by KPMG.
32. Copies of Sale deed for the land acquired at Mumbai and New Delhi
33. Copy of the Board resolution dated December 19, 2005 discovering the price of Rs. 120/- per share

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

2. DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and fair.

UNDERTAKING

We, the Directors of Tulip It Services Ltd 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 the 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 accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other materials issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The Directors and Chief Financial Officer of the Company certify that all the disclosures made in this Prospectus are true and correct.

SIGNED BY :

Lt. Col. (Retd.) Hardeep Singh Bedi, Managing Director

Mrs. Maninder Bedi, Executive Director

Mr. Deepinder Singh Bedi, Director

Ms. Sukhmani Bedi, Director

Mr. Chandrahas Kutty, Director

Mr. Rajesh Pandita, Director

Mr. Rajesh Gulshan, Director

Lt General (Retd.) Amar Nath Sinha, Director

Mr.Dinesh Kaushal, Chief Financial Officer and Company Secretary

Place : New Delhi

Date : December 22, 2005

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY