Draft Red Herring Prospectus
27th December 2010
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue
(The Draft Red Herring Prospectus will be updated upon RoC filing)

TAKSHEEL SOLUTIONS LIMITED

(Our Company was originally incorporated as IBSS Techno-Park Private Limited on September 23, 1999 with the Registrar of Companies, Andhra Pradesh, Hyderabad under the Companies Act, 1956. Name of our Company was subsequently changed to Taksheel Solutions Private Limited on November 29, 2006 and our company was converted into a Public Limited Company on December 06, 2006. Consequent on its conversion, the Registrar of Companies, Andhra Pradesh, Hyderabad has issued a fresh certificate of incorporation dated December 28 2006. Our Company's CIN is: U72200AP1999PLC032556). (For details of change in our name and our Registered Office, refer to the chapter titled "History and other Corporate Matters" beginning on page 103 of this Draft Red Herring Prospectus)

Registered Office: Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India
Tel No: +91-40-40215915/17; **Fax No:** +91-40-40215916; **Website**: www.taksheel.com; **Email**: ipo@taksheel.com;
Contact Person: Mr. Naresh Kumar Miryala - Company Secretary & Compliance Officer.

PROMOTERS OF OUR COMPANY: MR. PAVAN KUMAR KUCHANA; MR. RAMASWAMY KUCHANA AND LEXICON PRIVATE LIMITED

PUBLIC ISSUE OF 55,00,000 EQUITY SHARES OF RS. 10/- EACH OF TAKSHEEL SOLUTIONS LIMITED (THE "COMPANY", OR "OUR COMPANY", OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [*] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [*] PER EQUITY SHARE). THE ISSUE WILL CONSTITUTE 25.17 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.
THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.
THE FLOOR PRICE IS [*] TIMES THE FACE VALUE AND THE CAP PRICE IS [*] TIMES THE FACE VALUE.

In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional days after such revision, subject to the Bidding / Issue Period not exceeding ten working days. Any revision in the Price Band, and the revised Bidding / Offer Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Manager and the terminals of the Syndicate member(s).

This Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% of QIB portion shall be available for allocation on a proportionate basis to Mutual Funds. The balance shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is Rs.10/- and the Issue Price is [*] times of the face value at the lower end of the Price Band and [•] times of the face value at the higher end of the Price Band.** The Issue Price (as determined and justified by our Company in consultation the BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process as stated in chapter titled "*Basis for Issue Price*" beginning on page 46 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL 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 our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. ***Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page xvi of this Draft Red Herring Prospectus.***

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by [*] as [*], indicating [*]. For further details, please refer to the chapter titled "General Information" beginning on page 13 of this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [•] and [•], respectively. For purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
PNB INVESTMENT SERVICES LTD. (A wholly owned subsidiary of Punjab National Bank) **PNB INVESTMENT SERVICES LIMITED** 11th Floor, Dalamal House, Nariman Point, Mumbai – 400-021. **Tel. No.:** +91-22-4347 4030 – 33; **Fax No.:** +91-22-2202 0056 **Web**: www.pnbisl.com; **Email:** mb@pnbisl.com; **Contact Person**: Mr. D. Subrahmanyam **SEBI Registration No**: INM000011617	**BIGSHARE SERVICES PRIVATE LIMITED** E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. **Tel No**: +91-22-404 30 200; **Fax No**: +91-22-2847 5207 **Website**: www.bigshareonline.com; **E-Mail**: tsl.ipo@bigshareonline.com **Contact Person**: Mr. Babu Raphael **SEBI Registration No**.: INR000001385

BID / ISSUE PROGRAMME

BID/ISSUE OPENS ON : [•]	BID/ISSUE CLOSES ON : [•]

TABLE OF CONTENTS

SECTION I - DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, in the Draft Red Herring Prospectus, all references to "Issuer", "TSL", "we", "us", "our" "our Company" and "Company" are to Taksheel Solutions Limited.

Notwithstanding the definitions and abbreviations included in this section,

I. In the section titled *"Our Business"* beginning on page 6 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

II. In the section titled *"Financial Statements"* beginning on page 125 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

III. In the section titled *"Management's Discussion and Analysis of Financial Condition and Results of Operation"* beginning on page 149 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

IV. In the section titled *"Key Industry Regulations and Policies"* beginning on page 96 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.

DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded hereunder shall have the meanings as assigned therewith.

Company Related Terms

Term	Description
"The Company" or "Our Company" or "Taksheel Solutions Limited" or "Taksheel" or "TSL" or "we" or "our" or "us"	Unless the context otherwise requires, refers to Taksheel Solutions Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Lanco Hills Technology Park Private Limited (SEZ), Survey No. 201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India.
Our Promoter(s)	The Promoters of our Company namely, Mr. Pavan Kumar Kuchana; Mr. Ramaswamy Kuchana (*Individual Promoters*) and Lexicon Private Limited (*Corporate Promoter*).
Our Promoter Group	Companies, individuals and entities (*other than companies*) as defined under Regulation 2 sub-regulation (1) (zb) of the SEBI ICDR Regulations and disclosed in chapter titled "*Our Promoters, Promoter Group and Group Companies*" beginning on page 118 of this Draft Red Herring Prospectus.
Our Group Companies	Companies, firms and ventures etc. promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act or not and disclosed in chapter titled "*Our Promoters, Promoter Group and Group Companies*" beginning on page 118 of this Draft Red Herring Prospectus.

Conventional / General Terms

Term	Description
Articles or Articles of Association or AoA	The Articles of Association of our Company, as amended from time to time.
AGM	Annual General Meeting
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 in this case being CDSL and NSDL
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of Taksheel Solutions Limited unless otherwise specified.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII / Foreign Institutional Investor	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 the applicable laws in India.
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.
I.T. Rules	Income Tax Rules, 1962, as amended from time to time.
Indian GAAP	Generally Accepted Accounting Principles in India.
Key Managerial Personnel /KMP	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer and other persons whom the Issuer has declared as a Key Managerial Personnel and as mentioned in the chapter titled "*Our Management*" beginning on page 107 of this Draft Red Herring Prospectus.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company, unless the context otherwise specifies.
Our Board / Board of Directors / Board	The Board of Directors of our Company or a committee duly constituted from time to time.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC / Registrar of Companies	The Registrar of Companies situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195, Andhra Pradesh, India.

SCRA	Securities Contracts (*Regulation*) Act, 1956, read with rules and regulations there under and amendments thereto, as amended from time to time.
SCRR	Securities Contracts (*Regulation*) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations there under and amendments thereto and as amended from time to time.
SEBI ESOP Guidelines	SEBI (*Employee Stock Option Scheme and Employee Stock Purchase Scheme*) Guidelines, 1999 as amended from time to time
SEBI ICDR Regulations / ICDR Regulations	SEBI (*Issue of Capital and Disclosure Requirements*) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	SEBI (*Prohibition of Insider Trading*) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (*Underwriters*) Regulations, 1993, as amended, the SEBI (*Merchant Bankers*) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	SEBI (*Substantial Acquisition of Shares and Takeovers*) Regulations, 1997, as amended from time to time.
Statutory Auditor	The statutory auditor of our Company, being Karumanchi & Associates, Chartered Accountants.
VCF Regulations	SEBI (*Venture Capital Funds*) Regulations, 1996, as amended from time to time.
VCFs / Venture Capital Fund	Venture Capital Fund(s) as defined in and registered with SEBI under the SEBI (*Venture Capital Funds*) Regulations, 1996.

Issue Related Terms

Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to the successful Bidders.
Allot / Allotted / Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity shares are / have been allotted
Application Supported by Blocked Amount / ASBA	Application Supported by Blocked Amount (whether physical or electronic) used by a Bidder to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account maintained with SCSB. Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which shall be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form.
ASBA Bid cum Application Form	The application form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid pursuant to the terms of this Draft Red Herring Prospectus and which contains an authorisation to block the Bid Amount in an ASBA Account.
ASBA Investor(s) / ASBA Bidder(s)	An investor who intends to apply through ASBA in the Issue.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to this Issue / Escrow collection banks	The bank(s) which is / are clearing members and registered with the SEBI as bankers to the Issue with whom the Escrow Account will be opened, being [●]
Bankers to our Company	Bankers to our Company, being IDBI Bank Limited.
Basis of Allotment / Basis of Allocation	The basis on which the Equity Shares will be allotted / allocated to Bidders under the Issue and which is described under the chapter titled

	"*Issue Procedure*" beginning on page 180 of this Draft Red Herring Prospectus.
Bid / Issue Opening Date	The date on which the members of the Syndicate and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue. In case of ASBA Bidders the highest value of the optional Bids indicated in the ASBA Bid cum Application Form.
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Draft Red Herring Prospectus and the Prospectus.
Bid(s)	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For an ASBA Bidder(s), it means an indication to make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares, including all revisions and modifications thereto.
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid cum Application Form.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period or Bidding/ Issue Period or Issue/ Bidding Period or Bid / Issue Period.	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders and the ASBA Bidders can submit their Bids.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being PNB Investment Services Limited.
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
CAN / Confirmation of Allocation Note	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.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price / Cut-off	Any price within the Price Band finalised by us in consultation with BRLM. A Bid submitted at the Cut-off Price by a Retail Individual Bidder (including ASBA Bidders) who has Bid for Equity Shares for an amount less than or equal to Rs. 100,000 and is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	NSDL and CDSL
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form from the ASBA Bidders and a list of which is available on http://www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Investors to the Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange / DSE	BSE is the designated stock exchange for the purpose of this Issue
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated 29.12.2010 filed with SEBI and issued in accordance with the SEBI ICDR Regulations.

Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares issued herein.
Equity Shares	Equity shares of our Company having a face value of Rs. 10 each fully paid up unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidders (except ASBA bidders) will issue cheque(s) or draft(s) in respect of the Bid Amount when submitting a Bid(s).
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to the Issue, the Escrow Collection Bank(s), the Refund Bank(s), the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (except ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to the Issue with whom the Escrow Account for the Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA Bid cum Application 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 Grading Agency / Grading Agency	(*), the grading agency appointed by our Company for grading the Issue.
Issue	Public Issue of 55,00,000 Equity Shares of face value of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share)
Issue Agreement	The agreement dated December 24, 2010 entered into among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Prospectus, as determined by our Company in consultation with BRLM, on the Pricing Date.
Issue Proceeds	Proceeds from the Issue that will be available to our Company being Rs. [●] Lakhs.
Listing Agreement	The Listing Agreement to be entered into with the Stock Exchange(s) by the Company.
Mutual Fund Portion	The portion of the Net Issue, being 5% of the Net QIB Portion, consisting of 1,37,500 Equity Shares available for Allocation on a proportionate basis to Mutual Funds only.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non-Institutional Bidders	All Bidders (including sub-accounts which are foreign corporates or foreign individuals) who are not Qualified Institutional Buyers or Retail Individual Bidders.
Non-Institutional Portion/ Non Institutional Portion	The portion of the Net Issue being not less than 15% of the Net Issue, consisting of 8,25,000 Equity Shares, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
NR / Non-Resident	A "person resident outside India", as defined under FEMA including eligible NRIs and FIIs.
NRI(s) / Non-Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended).
OCB(s) / 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 trust 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.
Payment through electronic transfer of funds	Payment through NECS, Direct Credit, RTGS or NEFT, as applicable.
Price Band	The Price Band of a minimum price of Rs. [●] (Floor Price) and the

	maximum price of Rs. [●] (Cap Price) and include revisions thereof. The Price Band and the minimum bid lot size for the Issue will be decided by the Company in consultation with the BRLM and advertised, two working days prior to the Bid / Issue Opening Date, in one English national newspaper, one Hindi national newspaper and a regional language newspaper with wide circulation.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act and the SEBI ICDR Regulations containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date and from the SCSBs from the ASBA Accounts on the Designated Date.
QIB Portion	The portion of the Issue up to 50% of the Issue consisting of 27,50,000 Equity Shares of Rs. 10/- each available for allocation on proportionate basis to QIBs, of which 5% shall be available for allocation on proportionate basis to Mutual Funds only, subject to receipts of valid bids at or above the Issue Price.
Qualified Institutional Buyers / QIB(s)	As defined under the ICDR Regulations and includes public financial institutions (defined under Section 4A of the Companies Act), FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 2500 Lacs, pension funds with a minimum corpus of Rs. 2500 Lacs, the National Investment Fund set up by resolution number F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India, insurance funds set up and managed by the army, navy and/or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Red Herring Prospectus / RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC the copy that includes the details of the pricing, Allocation and final size of the Issue.
Refund Account(s)	No-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Bank(s) / Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the chapter titled "*Issue Procedure*" beginning on page 180 of this Draft Red Herring Prospectus.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited
Resident Retail Individual Bidder / Resident Retail Individual Investor	A Retail Individual Bidder who is a "person resident in India" (as defined in FEMA).
Retail Individual Bidders	Persons, including HUFs (applying through their Karta), NRIs and ASBA Bidders, who have Bid for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Net Issue being not less than 35% of the Net Issue, consisting of 19,25,000 Equity Shares, available for Allocation to

	Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders (except ASBA Bidders) to modify the number of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
SCSB Agreement	The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue, our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the ASBA Public Issue Account.
Self Certified Syndicate Banks / SCSBs	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids (excluding Bids by ASBA Bidders) in the Issue.
Syndicate Member(s)/ Member(s) of Syndicate	An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activities as an underwriter.
TRS / Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to the Bidders and by SCSBs to ASBA Investors as proof of registration of the Bid.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement to be entered into among our Company, and the Underwriters on or after the Pricing Date.
Working Day(s) / Business Day(s)	All days other than a Sunday or a public holiday (except during the Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Industry Related Terms / Business Related Terms

ADM	Application Development & Maintenance
AIM/AI&M	Application Infrastructure and Middleware Solutions
ALM	Application Life-Cycle Management
APAC	Asia-Pacific
API	Application Programming Interface
AS	Application Services
BFSI	Banking & Finance Service Industry
BI	Business Intelligence
BPM	Business Process Management
BPO	Business Process Outsourcing
CAGR	Compounded Annual Growth Rate
CAS	Channel Associated Signalling
CBT	Computer Based Training
CMMi	Capability Maturity Model integration is a process improvement approach that helps organizations improve their performance. CMMi can be used to guide process improvement across a project, a division, or an entire organization.
CMS	Content Management Solution
CoE	Centres of Excellence
CPMN	Closed Private Mobile Network
CRM	Customer Relationship Management
ER&D	Engineering Research & Development
ESB	Enterprise Service Bus
FC-GPR	Foreign Currency Gross Provisional Return
FTE	Full-Time Equivalent

GRC	Governance, Risk Management and Compliance
GTM	Go To Market
GUI	Graphical User Interface
IAM	Identity and Access Management
IBM	International Business Machines
IpMS	IP Multimedia Subsystem
IMS	Infrastructure Management Services
IP	Intellectual Property
IS	Infrastructure Services
ISO	ISO is an international-standard-setting body composed of representatives from various national standards organizations.
ISDN	Integrated Standard Digital Network
IT	Information Technology
ITSP	Internet Telephone Service Provider
IVV/IV&V	Independent Verification and Validation
LCRS	Least Cost Routing System
JSM	Java Message System
MOM	Message Oriented Middleware
MVNO	Mobile Virtual Network Operator
MS-OFFICE	Microsoft Office
MS –Outlook	Microsoft Outlook
ODC	Offshore Delivery Centre
OLA	Operating Level Agreement
ORS	Optimal Routing Solutions
PKMS	Pick Ticket Management System
QA	Quality Assurance
R&D	Research and Development
RBI	Reserve Bank of India
ROI	Return on Investments
SBU	Strategic Business Unit
SCM	Supply Chain Management
SD	Sales and Distribution (SAP module)
SDLC	Systems Development Life Cycle or Software Development Life Cycle in systems engineering, information systems and software engineering, is the process of creating or altering systems, and the models and methodologies that people use to develop these systems.
SEI-CMMi	Software Engineering Institutes- Capability Maturity Model Integration
SEO	Search Engine Optimization
SEZ	Special Economic Zone
SI	System Integration Solutions
SS7	Signalling System 7
SLA	Service Level Agreement
SMB	Small and Medium Business
SMSC	Short Message Service Centre
SRM	Supplier Relationship Management
STPI	Software Technology Parks in India
SVN	Software Subversion
T&M	Time & Material
TAO	Test Acceleration and Optimizer
TCO	Total Cost of Ownership
TPM	Transaction Processing Monitors
UI	User Interface
UK	United Kingdom
UPS	Uninterrupted Power Supply
URL	Abbreviation of Uniform Resource Locator, the global address of

	documents and other resources on the World Wide Web.
US	United States of America
USP	Unique Selling Proposition
VAS	Value Added Services
VMS	Voice Mail Servers
WCM	Web Content Management

General Terms
Abbreviations

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
APIICL	Andhra Pradesh Industrial Infrastructure Corporation Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY/A.Y	Assessment Year
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BOD	Board of Directors
CAN	Confirmation of Allocation Note
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
COO	Chief Operating Officer
CST ACT	Central Sales Tax Act, 1956
CWIP	Capital Work in Progress
DB	Designated Branch
Dept.	Department
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
DP	Depository Participant
DRHP	Draft Red Herring Prospectus
EBIDTA	Earnings before Interest, Tax, Depreciation, Amortisation and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EEFC	Exchange Earners Foreign Currency
EGM	Extra Ordinary General Meeting
EOU	Export Oriented Unit
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
EU	European Union
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 together with rules and regulations framed there under, as amended
FIs	Financial Institutions
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI

	Regulations
FVCI Regulation	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
ICWAI	Institute of Cost and Works Accountants of India
IDBI Bank	IDBI Bank Limited
IEC	Importer Exporter Code
IP	Intellectual Property
IPO	Initial Public Offer
IT	Information Technology
I.T. ACT	The Income tax Act, 1961, as amended from time to time
I.T. RULES	The Income tax Rules, 1962, as amended from time to time
KMP	Key Managerial Personnel
Ltd.	Limited
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended.
MICR	Magnetic Ink Character Recognition
Mn/mn	Million / million / millions
MNC	Multi National Company
Mutual Fund	Mutual Funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
MoA	Memorandum of Association
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares.
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of share capital, reserve and surplus, surplus/deficit in profit and loss account
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
ODI	Overseas Direct Investment
p.a	Per annum
PAN	Permanent Account Number allotted under the Income tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
P/E Ratio	Price/Earnings Ratio
Pvt./(P)	Private
QA	Quality Assurance
QC	Quality Control
QS	Quality Standard
Qty.	Quantity
RBI	The Reserve Bank of India
RBI ACT	Reserve Bank of India Act, 1934, as amended from time to time

RHP	Red Herring Prospectus
RoNW	Return on Net Worth
Rs./INR	Indian Rupees, the currency of the Republic of India
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Securities Act	The US Securities Act of 1933, as amended
SEZ	Special Economic Zone
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
SOA	Service Oriented Architecture
Sq. Mts.	Square Meters
Sq. Ft./sq. ft./SFT	Square Feet
STC	Service Tax Code
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TDS	Tax Deducted at Source
TDER	Total Debt Equity Ratio
TRS	Transaction Registration Slip
UIN / Unique Identification Number	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
USA/US	United States of America
USD/U.S.$/US Dollar	United States Dollars, currency of the United States of America.
UV	Ultra Violet
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended
VSEZ	Visakhapatnam Special Economic Zone

Notwithstanding the foregoing,
a. In the chapter titled "*Main Provisions of our Articles of Association*" beginning on page 211 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

b. In the chapter titled "*Financial Statements*" beginning on page 125 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

c. In the paragraphs titled "*Disclaimer Clause of the Bombay Stock Exchange Limited*" and "*Disclaimer Clause of the National Stock Exchange of India Limited*" in the chapter titled *"Issue Procedure"* beginning on page 180 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.

d. In the chapter titled "*Statement of Tax Benefits*" beginning on page 49 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that chapter.

SECTION II - GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in the Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited standalone financial statement for the Fiscals 2006, 2007, 2008, 2009 and 2010 and for the three month period ended June 30, 2010 prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations and Indian GAAP which are included in the Draft Red Herring Prospectus, and set out in “*Financial Statements*” on page 125. Our Fiscal commences on April 1 and ends on March 31 of the next year. In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

The section titled “Industry Overview” quotes from the International Telecommunication Union (ITU), NASSCOM Strategic Review 2010, TRAI – Performance Indicator report October 2010 and CELENT. Except for the International Telecommunication Union (ITU), NASSCOM Strategic Review 2010, TRAI – Performance Indicator report October 2010 and CELENT, market and industry related data used in the Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

The extent to which the market and industry data used in the Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

Currency of presentation

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh / Lakhs” or “Lac / Lacs”, means “One hundred thousand” and the word “Million” means “Ten Lacs” and the word “Crore” means “ten Million” and the word “Billion” means “One thousand Million” and the word “Trillion” means “One thousand Billion”. In the Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

All references to “Rs.”, “Rupees”, or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “$”, “US$”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

For the convenience of the Shareholders, throughout this Draft Red Herring Prospectus, the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands), except when stated otherwise.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "may", "might", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal 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 domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, among others:

The loss of any one of the major customers, a decrease in the volume of work from these customers or a decrease in the price at which the Company offers its services to them;

- Ability to acquire new clients
- Ability to adequately and quickly expand capacity and update the systems to meet increased demands;
- Cancellation, contract termination;
- Fluctuation in currency exchange rates;
- Increased competition;
- Inability to manage growth;
- Ability to control cost or retain key employees;
- General economic and business conditions in India and other countries;
- Ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which the Company operates;
- Revocation or expiry of tax holidays, exemptions and tax deferral schemes;
- Any adverse outcome in legal proceedings in which the Company is involved;
- Potential mergers, acquisitions or restructurings among clients;
- Potential mergers, acquisitions or restructurings of the Company;
- The state of the financial markets in India and abroad

For further discussion of factors that could cause actual results to differ, see the section titled "Risk Factors" beginning on page xvi 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 BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges in respect of the Equity Shares allotted in this Issue.

SECTION III - RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in the Draft Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in the Draft Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in the Draft Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Materiality

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

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

INTERNAL RISK FACTORS

Risks related to Our Company and Our Business

1. ***Non-compliance and/or late compliance with the regulations pertaining to certain mandatory requirements under the relevant regulations of FEMA in relation issue of shares to foreign entity by way of share swap, may attract penalties payable by the Company.***

The Company had obtained approval of FIPB in October, 2003 for issue of 15,08,005 equity shares of Rs.10/- each to Lexicon Private Limited ("erstwhile OCB") in consideration of acquisition of 100% shareholding of IBSS Inc. The said approval was subject to valuation of shares swap being approved by screening committee of RBI. On realizing that the compliance has not been done, the Company has made an application to RBI requesting for approval special screening committee. For the said investment the Company was required to file form ODI through its authorized dealer, which was not done by the concerned authorized dealer in timely manner. The Company thereafter has resubmitted the form ODI with the concerned authorized dealer for onward submission to RBI. The Company was also required to file form FC-GPR for issue and allotment of shares to Lexicon Private Limited ("erstwhile OCB"), which was not done within the prescribed time period.

The Company has therefore, filed an application to RBI vide letter dated 21.10.2010 for requesting compounding of delay in filing form ODI and FC-GPR. There cannot be any assurance that RBI will grant approval(s) as requested and/or condon/ compound the non-compliances on the part of the Company as prayed for. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

We are in receipt of a letter from RBI vide its letter no: FE.Co.CEFA/14434/15.20.67/2010-11 dated December 14, 2010 pursuant to which issuer company has appeared on 24.12.2010 before the compounding authority for personal hearing, for making further submissions and to produce further documents. The issuer company is awaiting the response from the compounding authority.

2. ***Late Compliance and/or Non-compliance by the Promoters with the relevant regulations pertaining to certain mandatory requirements under the regulations of FEMA in respect of certain filings for investment in overseas subsidiary, may attract penalties payable by the Company.***

The Company had made further investments in three tranches in its overseas wholly owned subsidiary namely IBSS Inc. during year 2006. As per the relevant regulations pertaining to overseas investment by an Indian company, the Company was required to file form ODI through its authorized dealer, which was not done in timely manner. The Company thereafter has submitted the Form ODI with the concerned authorized dealer for onward submission to RBI and has made compounding application to RBI vide letter dated 21.10.2010 for condoning the delay in filing the Form ODI. There cannot be any assurance that RBI will consider the compounding application to for condoning the delay in filing the Form ODI in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

We are in receipt of a letter from RBI vide its letter no: FE.Co.CEFA/14434/15.20.67/2010-11 dated December 14, 2010 pursuant to which issuer company has appeared on 24.12.2010 before the compounding authority for personal hearing, for making further submissions and to produce further documents. The issuer company is awaiting the response from the compounding authority.

3. Non-compliance and/or late compliance with the regulations pertaining to certain mandatory requirements under the relevant regulations of FEMA for capitalization of export receivables, may attract penalties payable by the Company.

The Company had capitalized the export receivable amounting to USD 1558665 due from IBSS Inc., there was delay in filing the relevant form ODI. The Company has therefore, filed compounding application with RBI vide letter dated 21.10.2010. As per the relevant regulations pertaining to overseas investment by an Indian company, the Company was required to file form ODI through its authorized dealer, which was not done in timely manner. The Company thereafter has submitted the Form ODI with the concerned authorized dealer for onward submission to RBI and has made compounding application to RBI for condoning the delay in filing the Form ODI. There cannot be any assurance that RBI will consider the compounding application for condoning the delay in filing the Form ODI in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty. We are in receipt of a letter from RBI vide its letter no: FE.Co.CEFA/14434/15.20.67/2010-11 dated December 14, 2010 pursuant to which issuer company has appeared on 24.12.2010 before the compounding authority for personal hearing, for making further submissions and to produce further documents. The issuer company is awaiting the response from the compounding authority.

4. Non-compliance and/or late compliance with the regulations pertaining to certain mandatory requirements under the relevant regulations of FEMA for investment by the erstwhile OCB in the Company may attract penalties payable by the Company.

On May 02, 2007, the Company allotted 189,643 shares of Rs. 10 each at a premium of Rs. 68.40 per share to Lexicon Private Limited ("erstwhile OCB"), a Mauritius based OCB and holding company of the Company. The Company as per the FEMA requirements had filed Part-A of the revised FC-GPR form with RBI regarding issue of the shares to its holding company. As advised by RBI, the Company filed the revised FC-GPR through its Authorized Dealer, since the Company made the fresh allotment of shares on 2nd May 2007 to Lexicon Private Limited ("erstwhile OCB") which had an existing investment as on 16th September 2003.

As per Notification No.101/2003, the Company was required to obtain prior approval of RBI to obtain fresh investment from OCBs after 16th September 2003, which was not obtained. The Company has made compounding application to RBI vide letter dated 21.10.2010 for not obtaining the prior approval of RBI. There cannot be any assurance that RBI will consider the compounding application for in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty. We are in receipt of a letter from RBI vide its letter no: FE.Co.CEFA/ 14434/15.20.67/2010-11 dated December 14, 2010 pursuant to which issuer company has appeared on 24.12.2010 before the compounding authority for personal hearing, for making further submissions and to produce further documents. The issuer company is awaiting the response from the compounding authority.

5. Non-compliance with the regulations pertaining to obtaining prior approval of FIPB in relation to issue of shares to Lexicon Private Limited ("erstwhile OCB") due to its business transfer (which Lexicon Private Limited purchased from Dataformix Inc, and which was related to Data warehousing and business intelligence units) which may attract penal action against the Company and may subject the Company to payment of penalties.

The Company had allotted 43,76,008 equity shares of Rs.10/- each at a premium of Rs.68.40 per equity share to Lexicon Private Limited ("erstwhile OCB") on 02nd May 2007 in consideration of Lexicon Private Limited ("erstwhile OCB") transferring Data warehousing and business intelligence units.

Notification No: FEMA 20/ 2000-RB dated: 03rd May 2000 of Reserve Bank of India prescribes that in compliance with the sectoral policy and equity caps as notified by the Secretariat for Industrial Assistance (SIA) in the Ministry of Commerce and Industry, Government of India, from time to time for Foreign Direct Investment (FDI), a person resident outside India or an entity outside India, whether incorporated or not, may purchase shares or convertible debentures of an Indian Company under the automatic route of the Foreign Direct Investment Scheme, subject to the condition that the Company in India issuing shares or convertible debentures to a person resident outside India shall receive the amount of consideration for such shares by inward remittance through normal banking channels or debiting the NRE / FCNR account of the person concerned which is maintained with an authorized dealer / authorized bank. Thus, all proposals of investment pertaining to allotment of shares to a foreign entity in exchange for a consideration other than cash / inward remittance would require prior approval of the Foreign Investment Promotion Board (FIPB).

The Company had allotted 43,76,008 equity shares on dated 2nd May 2007 as aforesaid to Lexicon Private Limited ("erstwhile OCB") without obtaining the prior approval of FIPB, thereby violating the provisions of FEMA. However, the Company has made an application seeking post facto approval from FIPB vide its letter dated 20th June 2007. The penalty, which may arise for non-compliance of FEMA regulations, is for not taking prior approval from FIPB in respect of this allotment and RBI may in its discretion impose a penalty, which may be upto three times the value of the transaction. The Company has in its application explained to FIPB that the non-compliance was out of inadvertence and not intentional and has requested for post facto approval. Once such approval is granted, the Company will approach the RBI for condonation and compounding of non-compliances.

There cannot be any assurance that FIPB will grant post facto approval. There cannot be any assurance that after receipt of post facto approval, the RBI will Condon/ compound the non-compliances on the part of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

6. ***Non-compliance with the regulations pertaining to obtaining prior approval of RBI for disinvestment of the shareholding in IBSS Inc. by the Company, may attract penal action against the Company and may subject the Company to payment of penalties.***

The Company had acquired International Business software solutions Inc. (IBSS Inc.) by making 100% investment through FIPB approval dated 15th October 2003. The Company has now disinvested its entire shareholding in IBSS Inc. to Microsonic Cybertech Pvt. Ltd., Hyderabad in terms of "Deed of Assignment and Assumption" dated 1st March, 2010. The purchase consideration for the above transaction is Rs. 26704080/-, which is equivalent to book value of investment in the Company's books making it a no book loss deal. Since, a minimum of 2 years would be required by Microsonic Cybertech to restructure the operations and turn it around; the Company has agreed that the payment of consideration would be made by the said Microsonic Cybertech within 2 years i.e. by 1st March, 2012. Since the Company would not be receiving the consideration immediately, the same would require prior permission of RBI. Since the Issuer Company was also involved in its restructuring operations, it could not obtain such approval and file Form ODI. The Company has requested its authorized dealer to put up the case before RBI and obtain necessary approval. The Company has also forwarded Form ODI to the authorised dealer for necessary action and request RBI for the necessary approval. There cannot be any assurance that RBI will give necessary approval in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

7. ***Non-compliance with the regulations pertaining to obtaining prior approval of FIBP in relation to transfer of shares by Mr. Pavan Kuchana (then an NRI) to Lexicon Private Limited ("erstwhile OCB") which may attract penal action against the Company and may subject the Company to payment of penalties.***

Pursuant to Share Swap Agreement dated March 17, 2001 ("the Share Swap Agreement") executed between Mr. Pavan Kuchana (Then an NRI) and Lexicon (Then an OCB) for transfer by Mr. Pavan Kuchana of 9,98,100 Equity shares held by him in the Company, to Lexicon, in consideration of Lexicon issuing its 2,12,362 shares in favour of Mr. Pavan Kuchana by way of swap of shares. FDI upto 100% is permitted under the Automatic Route, in the case of Information Technology sector. As per the applicable extant provisions of FEMA, in the case of transfer by way of sale involving swap of shares, prior approval of the FIPB is required to be obtained.
There cannot be any assurance that FIBP will give necessary approval in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

8. ***Non-compliance with the regulations pertaining to obtaining prior approval of FIBP in relation to transfer of shares by IBSS Inc (then an NRI) to Lexicon Private Limited ("erstwhile OCB") which may attract penal action against the Company and may subject the Company to payment of penalties.***

Pursuant to Share Swap Agreement dated February 28, 2001 ("the Share Swap Agreement") IBSS INC (Then an OCB) has transferred 216400 Equity shares held by it in the Issuer Company to Lexicon Private Limited (erstwhile OCB) for consideration of Lexicon issuing its 46,403 shares by way of swap of shares. FDI upto 100% is permitted under the Automatic Route, in the case of Information Technology sector. As per the applicable extant provisions of FEMA, in the case of transfer by way of sale involving swap of shares, prior approval of the FIPB is required to be obtained. There cannot be any assurance that FIBP will give necessary approval in favour of the Company. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty.

9. ***The Company has entered into an agreement with one of the Investor, who has subscribed to 10,00,000 Equity shares constituting 6.12% of pre issue paid-up capital of the Company, imposes certain onerous obligations on the Company with regard to exit option and exit valuation to such Investor.***

Our Company has entered into Share Purchase Agreement dated 24th November, 2007 ("SPA") with Mr. Dinesh Kumar Singhi, in terms of which the said Mr. Dinesh Kumar Singhi subscribed to 10,00,000 shares of the Company constituting 6.12% of the then share capital of the Company at a price of Rs.100/- per equity share. The total amount invested by the said Mr. Dinesh Kumar Singhi was Rs. 10 crores. As per the terms agreed in the SPA, in case the Company fails to conclude IPO within 18 months from the date of allotment, then the Company is required to buy back the shares held by the said Mr. Dinesh Kumar Singhi at Rs. 170/- per equity share aggregating to Rs. 1700 lacs. In case the Company cannot buy back the shares from the said Mr. Dinesh Kumar Singhi then the shares may be sold to a person mutually agreed. If the purchase price paid by the third party purchaser is less than the Rs. 170/- per equity share then in that event the Company shall be liable to pay the difference to the said Mr.Dinesh Kumar Singhi. The period of 18 months has elapsed. However, the said Mr. Dinesh Kumar Singhi has not exercised the rights available to him under the SPA. In case this Issue is not concluded then there cannot be any assurance that the Mr. Dinesh Kumar Singhi will not exercise his rights under the SPA and call upon the Company to buy back the shares held by him.

10. ***Our Company doesn't own the premises where its registered office is situated and legal formalities for execution and registration of lease deed are yet to be completed. Any termination or dispute in relation to these leases may have a material adverse effect on our business operations and results thereof.***

Our Registered office is situated at Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India ('*said premises*') is on leased premises which we have taken on 5 year lease from Lanco Hills Technology Park Private Limited. Our Business operations are also conducted from the said premises. The Company has entered an agreement with Lanco Hills Technology Park Private Limited on the basis of letter of intent and recording major terms and conditions on which the lease will be executed. The Company has occupied the said premises and is paying the lease rent to the said Lanco Hills Technology Park Private Limited as per the terms agreed in the letter of intent. The Company has requested the said Lanco Hills Technology Park Private Limited to execute and register the lease deed in respect of the said premises recording the terms and conditions agreed in the letter of intent and the same will be executed in due course.

As per the letter no: F.No:9/069/SEZ/HYD/2009, dated 03.03.2009 from Viskhapatnam Special Economic Zone (VSEZ), Ministry of Commerce and Industry, Office of the Development Commissioner, Visakhapatnam, Andhra Pradesh, has given the approval for setting up of an SEZ Unit, Lanco Hills Technology Park Private Limited, SEZ unit for IT/ITES at Manikonda Village, Rajendra Nagar Mandal, Ranga Reddy District, Andhra Pradesh and has extended all the facilities and entitlements admissible to a unit in a SEZ subject to provisions of Special Economic Zones Act, 2005.

As per the letter of intent the lease is for initial period of 5 years and neither party can terminate the same during the said period, except in case of breach of terms and conditions. There is no assurance that we will be able to comply with the requirements that may be contained in the lease deed. Any non-compliance by us in relation to any term of lease may result in the termination of the lease deed and consequently we have to vacate the said premises. We also cannot assure you that Lanco Hills Technology Park Private Limited will not terminate the lease deed, which would require us to locate to another premise and may have a material adverse effect on our conducting our business operations.

11. ***Land admeasuring of 5 acres situate at Industrial Development Area, Hanamkonda Mandal, Warangal, is allotted to the Company by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIICL) and is subject to certain conditions, some of which have not been complied with by the Company in timely manner.***

The Company has executed Agreement for Sale of Land with Andhra Pradesh Industrial Infrastructure Corporation Limited for acquisition of Land admeasuring 5 acres situate at Industrial Development Area, Hanamkonda Mandal, Warangal. In terms of the said Agreement, the Company is required to commence and complete the construction work within the time specified therein, failing which the allotment may be cancelled. The Company has though commenced the construction at this Non-SEZ site; it has not been able to adhere to the specified timelines. The Company has paid the consideration to Andhra Pradesh Industrial Infrastructure Corporation Limited and has been paying the relevant dues in respect of the said land. Our Company is in the process of completing the construction work which will be funded through the internal accruals.

12. ***Our revenues are dependent on clients located in the United States. Economic slowdowns and other factors that affect the economic health of the United States may affect our business.***

Our present revenues are derived from clients located in the United States. Consequently, in the event of any economic slowdown in the United States, our clients may reduce or postpone their IT or software spending significantly, which may in turn, reduces the demand for our services and negatively affects our business, financial condition and results of operations. In the year 2009, our Company has acquired A Telecom software product with a plan to cater to Telecom Sector, both domestic and international operations. We expect that we would start deriving the revenues from the Telecom Sector in coming years by diluting the entire focus in United States.

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

Our Company (on Standalone basis) had negative cash flows in Operating activities, Investing activities and Financing activities in the past three fiscals. The details of which is summarized below

Particulars	**FOR THE YEAR ENDED MARCH 31**					**For the period ended 30-06-2010**
	2006	**2007**	**2008**	**2009**	**2010**	
Net Cash from Operating activities (A)	29.65	564.89	-1165.13	0.86	-80.65	4.76
Net Cash from Investing activities (B)	-64.49	-159.61	-166.09	-17.26	0.00	0.00
Net Cash used from Financing activities (C)	38.01	-407.35	1427.62	56.57	-44.88	-14.88
Net Change in Cash (A+B+C)	**3.17**	**-2.07**	**96.40**	**40.17**	**-125.53**	**-10.12**

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to "Annexure III A – Statement of Standalone Cash Flows, as restated" forming part of the chapter titled "Financial Statements" and chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 125 and 149 respectively of this Draft Red Herring Prospectus

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

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

(Amount in Rs. Lakhs)

Particulars			**Year ended on March 31**			**For period ended on 30.06.2010**
Name of Related Party	**Type of Relation**	**Nature of Transaction**	**2008**	**2009**	**2010**	
Mr. Pavan Kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	5.75	7.08	7.02	1.73
Lexicon Private Limited - Mauritius	Holding Company	Business Acquisition and Investment	4047.50	0.00	0.00	0.00
IBSS Inc., USA	A wholly Owned subsidiary	Software & Consultancy Services	1755.06	1107.43	0.00	0.00

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For more information regarding our related party transactions, see the chapter titled "Financial Statements" beginning on page 125 of this Draft Red Herring Prospectus. Further, our business is expected to involve transactions with such related parties in the future.

15. ***Our Corporate Promoter has incurred losses in the past.***

Our Corporate Promoter, Lexicon Private Limited, has incurred losses in the immediately preceding three fiscals.

Particulars	**For the year ended June 30, 2008**	**For the year ended June 30, 2009**	**For the year ended June 30, 2010**
Profit / (Loss) after tax	(3.82)	(3.92)	(2.80)
Net Worth (*Amount in Rs. Lacs*)	3403.32	3789.25	3685.93

There can be no assurance that Lexicon Private Limited will not incur further losses in the future. For further details of the financials of Lexicon Private Limited please refer to the chapter titled "*Our Promoters, Promoter Group and Group Companies*" on page 118 of this Draft Red Herring Prospectus

16. ***We have applied for the following Statutory Approvals with respective statutory authorities and are yet to receive the approval. Any delay or inability to obtain or renew our licences could impact our operations adversely.***

Sr. No	**Issuing Authority**	**Registration/ License No.**	**Nature of Registration/ License**	**Date of Application**	**Current Status**
1	Greater Hyderabad Municipal Corporation	To be allotted	Application for Trade License	17.09.2010	Filed an Application with Greater Hyderabad Municipal Corporation, Hyderabad. Approvals awaited
2	Lanco Hills Technology Park Private Limited (SEZ)	Lease deed to be executed	SEZ Leased Premises	23.02.2009	The company is occupying the premises of Lanco Hill Technology Park Private Limited. The Lease deed will be executed in due course of time.

Our Company has submitted the requisite applications / fees / necessary documents / information / undertaking to the respective Local Authorities for their approval and doesn't foresee any problems for getting approval.

17. ***We have several contractual obligations with our clients and if we are unable to meet our contractual obligations and / or our customers perceive any deficiency in service it will significantly impact our business and revenues and we may even face legal liabilities and damage to our professional reputation.***

The agreements that we enter into with our clients for the engagement of our services have several contractual obligations including confidentiality, protection against security breach, non-compete and insurance coverage.

The engagements that we perform for our clients are often critical to our clients' businesses. If our client's proprietary rights are infringed by our employees in violation of any applicable confidentiality agreements and /or our customers perceive any deficiency in service, our customers may consider us liable for that act and seek damages from us. Our client contracts may require us to comply with certain security obligations including maintaining network security and back-up data, ensuring our network is virus free and verifying the integrity of employees that work with our clients by conducting background checks. Any failure in our client's system or breach of security relating to the services we provide to the client could damage our reputation or result in a claim for substantial damages against us.

18. ***The Company is subject to restrictive covenants and some of the Company's properties have been mortgaged as security under certain financing arrangements.***

Our financing arrangements are secured by our assets. There are certain restrictive covenants in the financing agreements we have entered into with banks and financial institutions for loans and advances. These restrictive covenants *inter alia* require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, payment of dividends, undertaking any merger, amalgamation, restructuring or changes in management. Our ability to execute expansion plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consents from our lenders for the Issue, these restrictive covenants may affect some of the rights of our shareholders. For further details please refer to the chapter titled "*Financial Indebtedness*" beginning on page 147 of this Draft Red Herring Prospectus.

19. ***Our Company did not comply with Section 383A of the Companies Act, regarding the appointment of whole time Company secretary. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.***

Our Company did not comply with Section 383A of the Companies Act, 1956 regarding the appointment of whole-time Company Secretary from June 20, 2009 to November 4th 2010. No action has so far been initiated or taken by any statutory authority for the above non compliance. Further, our Company appointed Mr. Naresh Kumar Miryala on November 05, 2010 as a Company Secretary and Compliance Officer.

20. ***The Company revenues are focusing on wealth management industry, which may increase its risk of revenues.***

The Company is currently focusing on a niche segment in overall BFSI (Banking and Financial Service Industry) i.e. wealth management space. The Company is focusing on supplying its products and services to players in private banking, mutual funds and brokerage houses, essentially, those who manage the wealth of individuals. This differentiates the Company from others but in case there is slowdown in the space due to underperformance of various asset classes viz. equity, commodities, real estate and others, demand for its products may slow down or even fade.

21. **We are subject to risks arising from foreign exchange rate movements.**

Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables and other foreign currency assets and liabilities. We have significant revenues and expenditures in foreign currencies especially US$. The foreign exchange fluctuation affects both the revenues and expenditures in absolute terms when converted into Indian rupees. To this extent, the revenues and expenditures will be higher or lower depending on the depreciation or appreciation of Indian Rupee in foreign currency terms. We expect that a majority of our revenues will continue to be generated in US$ for the foreseeable future. Foreign Exchange gain / (loss), credited / (debited) to Profit and Loss Account for the Fiscal 2008, 2009 and 2010 were loss of Rs.159.24 Lakhs, gain of Rs.223.42 Lakhs, loss of Rs.422.11 Lakhs respectively.

22. Any inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced significant growth in recent years. Our revenues have grown from Rs. 3202.97 Lakhs for the Fiscal 2008, to Rs. 3543.03 Lakhs for the Fiscal 2009, to Rs. 4950.15 Lakhs for the Fiscal 2010, in large part due to strategic acquisitions in the recent past. These strategic moves have benefitted us in our financial performance and have enabled us to grow at 5 year CAGR (ending Fiscal 2010) of over 48.81% in our revenues and about 53.63% and 63.50% in our EBITDA and Profits after Tax respectively. These acquisitions, as well as any future organic growth and other acquisitions, place significant demands on our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges we face in recruiting, training and retaining sufficient skilled, technical, sales and management personnel; adhering to our high quality and process execution standards; maintaining high levels of client satisfaction; managing a larger number of clients in a greater number of industry sectors; integrating expanded operations while preserving our culture, values and entrepreneurial environment; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems. If we are unable to properly manage our growth, it could have an adverse effect on our business, results of operations and financial condition.

For further details on our financial performance please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 149 of this Draft Red Herring Prospectus.

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

There has been a substantial amount of litigation in the software industry regarding intellectual property rights, and it is possible that in the future, third parties may claim that the software solutions we develop infringe their intellectual property rights. Although we generally include contractual limitations on our liability to our customers, these limitations may not be sufficient to fully protect us against any such claim. We may be more vulnerable to patent claims, since we do not have any issued patents that we can assert defensively against a patent infringement claim. Any claims, with or without merit, could be time consuming, result in costly litigation or require us to enter into burdensome royalty or license agreements.

24. The Company's ability to expand its business and procure new contracts or enter into beneficial business arrangements may be affected by non-compete clauses in the agreements with existing clients or business partners.

Our Company may enter into non-compete clauses, which restricts the Company from providing services to competitors of its existing clients or entering new markets where a business partner may already have a presence. Such clauses may restrict the Company's ability to offer services to clients in a specific industry in which it has acquired expertise, adversely affecting its business and growth.

25. Delays or defaults in client payments could result in reduction of profits

The Company regularly commits resources to slew of projects prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. The Company may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which the Company has devoted significant resources or if a project in which it has invested significant resources is delayed, cancelled or does not proceed to completion, it could have an adverse effect on the Company's business, financial condition and results of operations.

26. System failures and calamities could adversely impact the business

The Company conducts its business of offering software development services principally on an Offshore and On-site model. Connectivity to the client environments is through secure VPN links which have been provided by multiple ISPs governed by stringent SLAs with appropriate redundancies. The offices of the Company are also connected through internet and point to point links. Major calamities like earthquakes, tsunamis and cyclones that effect areas in which the Company has a significant presence, may result in disruption of services to clients.

27. The Company's success depends largely upon its skilled software professionals and its ability to attract and retain these personnel. The Industry where the Company operates is a highly employee intensive industry having a high rate of attrition.

The Company's ability to execute projects and to obtain new clients depends largely on their ability to attract, train, motivate and retain highly skilled software professionals, particularly project managers and other mid-level professionals. The future performance of the Company will be dependent on the continued service of these persons or replacement of equally competent persons from the domestic or global markets. The Company does not maintain key-man life insurance for any of the senior members of its management team or other key personnel. Competition for senior management in the IT industry is intense, and the Company may or may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future unless it offers Industry best compensation packages, which will have impact on its profitability. The loss of any member of senior management or other senior professionals may adversely affect its business, results of operations and financial condition.

28. ***The client contracts of the Company can typically be terminated without cause and with little or no notice or penalty, which could negatively impact its revenues and profitability***

Our clients typically retain us through non-exclusive service contracts. These contracts are typically terminable by the client without cause on a short notice period. As a result, our contracts may be terminable due to circumstances beyond our control, such as changed strategic software requirements of the customer, financial constraints of the customer, a more competitive option offered by a competitor, a change in policy regarding outsourcing by the customer or a perceived failure to provide services and products as required by the customer. Additionally, our service agreements with clients are typically without any commitment to a specific volume of business or future work. There can therefore be no certainty that our revenue flow at a particular point of time will be sustained through a particular fiscal year or into the next fiscal year.

29. ***The Company needs to attract and retain highly skilled personnel.***

The Company expects the anticipated expansion of its business will place a significant strain on its limited managerial, operational and financial resources. The Company will be required to expand operational, sales and marketing staff significantly and to train and manage its work force in order to manage the expansion of its operations. The Company's future success depends on its ability to attract, train, retain and motivate highly skilled managerial, sales, marketing and technical talent. The Company may not be successful in attracting such talent placing significant burdens on existing talent. If the Company is not successful in attracting this talent, the results of its operations will be materially affected.

30. ***The Company's business will suffer if it fails to keep pace with the rapid changes in technology and the industries on which it focus. The Company needs to anticipate and develop new services and enhance existing services in order to keep its clients satisfied.***

The IT services market is characterised by rapid technological changes, evolving industry standards, changing client preferences and new product and service introductions. The future success of the Company will depend on its ability to anticipate these developments. In past the Company has been successful in predicting the technology changes in view of its continuing relationship and reengineering of team to meet the challenges with rapid pace. However, going forward it may not be successful in anticipating or responding to these advances on a timely basis or, if the Company does respond, the services or technologies it develops may not be successful in the marketplace.

31. ***Increase in wages for IT professionals could reduce the Company's cash flow and profit margins***

Historically, wage costs in the Indian IT services industry have been significantly lower than wage cost in developed countries. However, in recent years wage costs in the Indian IT Services industry have been increasing at a faster rate than those in certain developed countries. In the long term, wage increases may make the Company less competitive unless the Company is able to continue increasing the efficiency and productivity of its professionals. Increase in wages, may reduce its cash flow and profit margins.

32. ***We operate in a highly competitive environment. Any failure to compete effectively may have a material adverse effect on our business and operations.***

The markets for IT services are rapidly evolving and highly competitive. We face competitive pressure from a broad spectrum of Indian and international IT services companies. We expect that competition will continue to intensify both through the entry of new players and consolidation of existing players. Some of our competitors may have greater financial resources, technical and marketing resources and generate greater revenues, and therefore may be able to respond better to market changes than we can. We believe that our ability to compete depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services and the extent of our competitors' responsiveness to client needs. Our inability to adequately address competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

33. ***The Company's client proprietary rights may be misappropriated by the employees in violation of applicable confidentiality agreements. The Company may also be subject to third party claims of intellectual property infringement.***

The client contracts may require the Company to comply with certain security obligations including maintenance of network security, back-up of data, ensuring the Company's network is virus free and ensuring the credentials of those employees that work with the clients. The Company cannot assure that it will be able to comply with all such obligations and that it will not incur liability nor have a claim for substantial damages against it.

34. Any defects in the Company's services could make it liable for customer claims, which in turn could adversely affect its results of operations.

Any failure or defect in the Company's services could result in a claim against it for damages. Although the Company attempts to limit its contractual liability for all damages in rendering its services, it cannot be assured of any limitations in its liability. The Company may suffer for adverse publicity for the failure or defect in its services, which may in turn, could adversely affect its results of operations.

35. The insurance coverage taken by the Company may not be adequate to protect against certain business risks.

Operating and managing a business involves many risks that may adversely affect the Company's operations, and the availability of insurance is therefore important to its operations. The Company maintains general liability insurance coverage in relation to its employees, assets, stocks, properties etc. and to mitigate business risks. The Company believes that its insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover itself for any risks, it could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, the Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that its insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against the Company that exceeds its available insurance coverage or that leads to adverse changes in its insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect the Company's results of operations.

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

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

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

37. Availability of Visas / work Permits for employees to work On-site.

The Company executes Clients Projects both from Off-shore (i.e. from India) as well as On-site (at various locations) outside India. Working onsite would require Visas / Work Permits, of different countries. Any change in the Visa regulations resulting in delay / non-issue of work permits is likely to affect the company's capability to execute projects On-site.

38. We have applied for registration of certain trademarks which are pending before the Trade Marks Registry, Chennai. If any of our applications for registration are not accepted or if any order against us is passed in the oppositions filed, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks

We have filed application for registering trademarks, namely Tag line of our company and logo. These applications are pending with the Trade Marks Registry, Chennai. There can be no assurance that our trade mark applications will be accepted and the trade marks will be registered. Further, our applications for the registration of the trade marks may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain the trade marks registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. For further details regarding the same, please refer chapter titled *"Government and Other Approvals"* beginning on page no 158 of this Draft Red Herring Prospectus. Non registration may adversely affect the Company's ability to protect its trademark against infringements which may materially and adversely affect its goodwill and business. If the Company fails to successfully protect or enforce its trade mark rights, it may be required to change its logo. Any such change could require the Company to incur additional costs and may impact its brand recognition among customers. The details of pending application for registering the Trademarks is as under: -

S.No	Trademark applied for	Date of Application	Application Number	Current Status
1	Taksheel ECHOING INTEGRITY	12^{th} June 2007	1567463; June 12, 2007	Filed an Application with Trade Marks Registry, Chennai and application is pending.
2	Taksheel Solutions Ltd	"Echoing Integrity"	1567464; June 12, 2007	Filed an Application with Trade Marks Registry, Chennai. The Trade Mark is advertised in journal no. 1408-0 dated 16.01.2009 and registration is awaited.

39. The auditors of the Company have made an audit qualification in the Annexure to the Auditor's Report for the fiscal year 2010.

The following audit qualification has been mentioned in the Annexure to the Auditor's Report of the Company for the financial year 2009-2010

"**Share Capital:** Paid Up Share Capital includes preferential allotment of 43, 76,008 Equity shares by the company to Lexicon Private Limited in respect of which the Company has filed an application with Foreign Investment Promotion Board (FIPB) which is pending. Further the FIPB has directed the Company to approach Reserve Bank of India for levy of compounding fees. Pending quantification of the compounding fees no provision has been made in the books of accounts".

"Statutory dues: As on date, following are the statutory dues which are due for more than six months and had not been paid by the Company and it includes the outstanding statutory liabilities of foreign branch amounting to Rs. 5.18 lacs which is not discharged by the company".

40. There has been a Change in the Statutory Auditor of our Company in the last five years. The details of the changes in statutory auditor are as follows

S.No	Name of the Statutory Auditor	Date of Appointment	Date of Cessation	Reason
1	Anandam & Associates	23.09.1999	15.01.2010	Due to pre occupation
2	Karumanchi & Associates	03.03.2010	NA	NA

Risks related to Objects of Issue

41. Our funds requirements are based on internal management estimates and on the basis of quotations obtained, wherever possible, and have not been independently appraised by any bank or financial institution. Any increase in the actual deployment of funds may cause an additional burden on our finance plans may have an adverse affect on our business and financial results.

Our funding requirement and deployment of the proceeds of the issue are based on management estimates, current quotation from suppliers and our current business plan. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution and are based on our estimates and on third party quotations. We may have to revise our expenditure and fund requirements as a result of variations including the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

42. Our Company may face risks of delays / non-receipt of the requisite regulatory approvals or licenses for any of our objects funded through the proceeds of the Issue.

Of the proceeds of the Issue, we propose to use Rs. 2,000 Lakhs for acquisitions and other strategic initiatives. We have not yet entered into any letter of intent or definitive/contractual commitment for any acquisition, investment or joint venture as on the date of this Draft Red Herring Prospectus. However, we have identified the areas of opportunities and are in the process of identifying such companies/ entities which are complementary to our requirement of further growth. In the event that our Company plans to acquire an overseas entity, our Company may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all. Any delay/non-receipt of licenses and or approvals that may be required for the proposed acquisition /strategic initiative could result in cost and time overrun, and could have an adverse impact on our operations.

43. Our Company may be unable to consummate strategic acquisition(s) and/or make investments. Our inability to manage such acquisition(s) timely could have an adverse effect on our business, financial condition and profitability.

Of the proceeds of the Issue, we propose to use Rs. 2,000 Lakhs for acquisitions and other strategic initiatives. We have not yet entered into any letter of intent or definitive/contractual commitment for any acquisition, investment or joint venture as on the date of this Draft Red Herring Prospectus. However, we have identified the areas of opportunities and are in the process of identifying such companies/ entities which are complementary to our requirement of further growth. We cannot assure that our acquisitions, if any, would be at an optimum price, or that the same will not turn out to be overpriced or overvalued, which may adversely affect our projected returns in relation to such acquisition. Further, the inability to identify the right acquisition targets could lead to consequential difficulties like integration of business of both partners, including its operations, personnel, technology and software.

In addition to the above, potential acquisitions could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortization of acquired intangible assets, some or all of which could have a material adverse impact on our business, financial condition and results of operations. In the event of an overseas acquisition, our Company may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all. For further details please refer the chapter titled "Objects of the Issue beginning on page 36 of this Draft Red Herring Prospectus.

44. ***The deployment of the proceeds of the Issue is entirely at our discretion and will not be subject to any monitoring by any external, independent or a Monitoring Agency but through our Board of Directors.***

There will be no external, independent or a Monitoring Agency which would monitor the utilization of the proceeds of the Issue. However, our Board will monitor the utilization of these proceeds. We will disclose the details of their utilization, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular clause 49 of the Listing Agreement.

Risks related to Our Equity Shareholders and Our Equity Shares

45. ***You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals***

Under the SEBI ICDR Regulations, we are permitted to allot equity shares within 12 Working Days of the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges. Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two Working Days of the date on which the basis of allotment is approved by Designated Stock Exchange. Thereafter trading in the Equity Shares is expected to commence within 12 Working Days of the Bid Closure date. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that the trading in Equity Shares will commence within the specified time periods.

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

After the completion of the Issue, subject to full subscription of the Issue, our Promoters and Promoter Group will collectively hold 45.88 % of our issued subscribed and paid-up share capital of our Company. As a result, our Promoters and Promoter Group will have the ability to exercise significant control over our Company and all matters requiring shareholder approval, including election of directors, our business strategy, and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in our Company may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interests of our Promoters and Promoter Group as our controlling shareholders could also conflict with our interest or the interests of our other shareholders.

47. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our Company has paid dividends in the past out of our earnings to its shareholders. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to paying dividends in future.

EXTERNAL RISK FACTORS

48. We are incorporated in India and therefore subject to the policies of the Government of India.

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

49. An economic downturn may negatively impair operating results of the Company.

Discretionary spending on IT products and services in most parts of the world has significantly decreased due to a challenging global economic environment. This may result in cancelled, reduced or deferred expenditures for IT services, resulting in lower gross and operating income of the Company.

50. Political instability or changes in the government could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact the Company's financial results and prospects.

The role of the Indian Central and State Governments in the Indian Economy as producers, consumers and regulators is significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalisation policies that have been pursued by previous governments, the rate of economic liberalisation could change, and specific laws and policies affecting foreign investment and other matters affecting investment in the Company's securities could change as well.

51. Offshore outsourcing has come under increased scrutiny by various state governments in the United States.

Recently, offshore outsourcing has come under increased government scrutiny within the United States and Europe due to its perceived association with loss of jobs in such countries. Some of the U.S. states in the past have enacted legislation restricting government agencies from outsourcing their back office processes to companies outside the United States.

It is also possible that U.S. private sector companies that work with these states may be restricted from outsourcing their work related to government contracts. Any changes to existing laws or the enactment of new legislation restricting offshore outsourcing may adversely impact the Company's ability to do business in the United States and thus adversely affect its revenues and profitability.

52. Reduction or termination of tax incentives will increase the tax liability and reduce profitability of the Company.

The Company is in the process of identifying to establish development facility centers in SEZ notified areas of Hyderabad and Warrangal, out of the Issue proceeds. A SEZ unit in India is entitled to certain tax incentives and benefits, subject to the fulfillment of the terms and conditions imposed by the SEZ authorities such as utilization of the export income derived from the SEZ unit for the purpose of acquiring plant and machinery or for the business but not for the distribution of dividends or profits, achieving the prescribed positive Net Foreign Exchange, export the goods manufactured for a period of 5 years from the date of commencement of the production activities etc. In the event that the Company is unable to or do not comply with the said terms and conditions, the Company will not be entitled to such tax incentives and benefits. Further, the Company cannot assure you that the Indian Government will not enact laws in the future that would adversely impact its tax incentives and benefits and consequently, its tax liabilities and profits.

53. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect the Company's business, results of operations and financial condition.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C., on September 11, 2001, New Delhi on December 13, 2001, London July 7, 2005, Mumbai on November 26, 2008 and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect the Company's business, results of operations and financial condition. More generally, any of these events could adversely affect client confidence in India as an outsourcing base and increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

54. ***After this Issue, the price of the Company's Equity Shares may be highly volatile, or an active trading market for its Equity Shares may not develop.***

The prices of the Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and global securities market;
- Company's results of operations and performance;
- performance of its competitors, the Indian IT industry and the perception in the market about investments in the IT sector;
- adverse media reports on the Company or the Indian IT industry;
- changes in the estimates of the Company's performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies;
- Significant developments in India's fiscal and environmental regulations.
- There has been no public market for the Company's Equity Shares and the prices of its Equity Shares may fluctuate after this Issue.
- There can be no assurance that an active trading market for its Equity Shares will develop or be sustained after this Issue, or that the prices at which its Equity Shares are initially traded will correspond to the prices at which its Equity Shares will trade in the market subsequent to this Issue

55. ***Immigration restrictions could limit our ability to expand our operations in the United States. We derive a high proportion of our revenues from clients located in the United States, which may be affected materially by such restrictions.***

We have Indian nationals, as our employees, working in the United States, Europe and other countries and may depend on our ability to obtain necessary visas and work permits. Many of our software professionals in the United States hold L-1 visas, intra-company transfer visas allowing managers and executives or employees with specialized knowledge to stay in the United States temporarily, or H-1B visas, which are temporary visas that allow employees to remain in the United States while they are employee of the Company, and may be granted to certain categories of persons in several "specialty occupations", including software professionals, so long as their compensation meets annually adjusted minimums. Those adjustments may force increases in the salaries we pay to our employees with H-1B visas, thus partially impacting our profit margins. Although there is currently no limit to new L-1 visas, amendments to existing laws or new laws enacted in the United States may impose certain restrictions in the visa processing and on the number of such visas granted. There is a limit to the aggregate number of new H-1B visas that may be approved by the United States government in any fiscal year. However, we believe that the high demand for H-1B visas will continue to remain.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our software professionals. Our reliance on work visas for a number of our software professionals makes us particularly vulnerable to such changes and variations. As a result, we may not be able to obtain a sufficient number of visas for our software professionals or may encounter delays or additional costs in obtaining or maintaining such visas which in course may restrict our ability to generate incremental revenues.

56. **There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.**

You may be unable to resell your Equity Shares at or above the issue price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this listing of the Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses where we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices of the securities of Indian Companies. As a result, investors in Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

PROMINENT NOTES

1. Investors may contact the BRLM or the Compliance Officer for any complaint/clarification/information pertaining to the issue. For contact details of the BRLM and the Compliance Officer, please refer to the cover page of the Draft Red Herring Prospectus.
2. Initial Public Offering of 55,00,000 Equity Shares of Rs. 10/- each, for cash at a price of Rs. [*] per Equity Share aggregating to Rs. [*] Lacs (*herein after referred to as the "Issue*"). The Issue would constitute 25.17% of the Post Issue Paid-Up capital of our Company.
3. Pre-issue net worth of our Company, as per our restated financial statements, as on March 31, 2010 was Rs. 6319.01 Lacs and as on June 30, 2010 Rs. 6931.71 Lacs.
4. Book value per Equity Share of Rs.10/- each of our Company, as per our restated financial statements, as on March 31, 2010 was Rs. 38.64 and as on June 30, 2010 Rs. 42.39.
5. The average cost of acquisition of Equity Shares after considering the sales, if any, by our Promoters is as follows

Sr. No	Name of the Promoter	Average Cost (In Rs.)
1	Mr. Pavan Kumar Kuchana	8.33
2	Mr. Ramaswamy Kuchana	6.67
3	Lexicon Private Limited	28.14

6. For details on Related Party Transactions, refer to the section titled "Transactions with Related Parties" page 144 of this DRHP.
7. None of our Group Companies have any business interest in our Company, except as detailed under the heading "Transactions with Related Parties", beginning on page 144 under Chapter titled "Financial Information" beginning on page 125 of the Draft Red Herring Prospectus.
8. No part of the Issue proceeds will be paid as consideration to Promoter, Directors, Key Managerial Personnel or persons forming part of Promoter Group
9. For details of the transactions in the Equity Shares of our Company, directly or indirectly, by the Promoters, their relatives and associates, the Promoter Group and the Directors in the past six months, refer notes to the section 'Capital Structure' on page 24 of this DRHP.
10. There are no financing arrangements, directly or indirectly, whereby persons forming part of the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of equity shares of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.
11. Except as stated under the notes to the section 'Capital Structure' on Page 24 of this DRHP, our Company has not issued any shares for consideration other than cash.
12. Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
13. All information shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
14. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 46 of this DRHP before making an investment in this Issue.
15. This Issue is being made in terms of regulation 26 (1) of the SEBI Regulations and through a 100% Book Building process wherein up to 50% of the Issue shall be allocated on proportionate basis to Qualified Institutional Buyers ('QIBs'), out of which 5% of QIB portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Mutual Funds portion will be met by a spill over from the QIB portion and be allotted proportionately to the QIB Bidders. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.
16. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Non-Institutional Bidders and Retail Individual Bidders. For details, refer to the chapter titled "Issue Procedure" on page 180 of this DRHP.
17. Under-subscription of the Issue, if any, in any category will be met by spill over from other categories at the discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,37,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

18. Investors are advised to go through the paragraph on “Basis of Allotment” beginning on page 201 of this DRHP.

19. Our Company and the BRLM will update the Draft Red Herring Prospectus in accordance with the Companies Act and the SEBI ICDR Regulations. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales report, at bidding centers etc.

20. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Section “Financial Information” beginning on page 125 of this DRHP.

SECTION IV – INTRODUCTION

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information on "Risk Factors" and "Financial Statements" and related notes, beginning on pages xvi and 125 respectively of this Draft Red Herring Prospectus, before deciding to invest in our Equity Shares.

SUMMARY OF INDUSTRY

Over the past decade, the Indian IT-BPO sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India. However, the industry performance was affected by these recessionary headwinds as the clients cut their IT budgets, cancelled deals, delayed payments and deals, went bankrupt while others renegotiated pricing, looking for severe pricing cuts and stretching the dollar.

The changing demand outlook, customer conversations and requirements acted as a driver to build in greater efficiencies and flexibility within the service delivery and the business models – one which is here to stay 2009 was also instrumental for more ways than one for the industry. While the industry displayed tenacity and resilience, it also commenced its journey to achieve its aspirations in view of the altered landscape. It commenced working on its agenda to diversify beyond core offerings and markets through new business and pricing models, specialises to provide end-to-end service offerings with deeper penetration across verticals transform the process delivery through re-engineering and enabling technology, innovate through research and development and drive inclusive growth in India by developing targeted solutions for the domestic market. All these measures, along with India's game changing value proposition have helped India widen its leadership position in the global sourcing market. The advent of 2010 has signalled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Key demand indicators in the last two quarters such as increased deal flow, volume growth, stable pricing, and faster decision making has made the industry post good results. Though full recovery is expected in another two quarters, development of new growth levers, improved efficiency and changing demand outlook signifies early signs of recovery.

Global Sourcing Trends

Worldwide technology products and services related spend is estimated to reach USD 1.5 trillion in 2009, a decline of 2.9 per cent over 2008. Worldwide hardware markets were hit worse than software or service markets as a result of the changing economic outlook, with almost 8 per cent decline in 2009 versus 2008. Corporations extended their hardware lifecycle and delayed plans for new hardware acquisitions, also curtailing their discretionary spend. However global corporations leveraged IT to drive organization wide efficiencies, transformation and new business models. While BPO growth moderated on account of lower transaction volumes, overall IT spend was largely driven by a revival in North America and BFSI, along with increased adoption in emerging markets such as APAC and retail/healthcare. A dynamic second half of the year made up for the tepid first half for outsourcing contracts.

Recent global M&A activity in the sector indicates stronger services play for global hardware vendors, which will make this segment more competitive for the Indian vendors. Changing customer expectations, emergence of new offshore locations along with new service providers delivering services through the cloud promise to shake up this industry going forward.

Indian IT-BPO Performance

The industry is estimated to aggregate revenues of USD 73.1 billion in FY2010, with the IT software and services industry accounting for USD 63.7 billion of revenues. During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million.

As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 6.1 per cent in FY2010. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to almost 26 per cent in FY2010.

Exports market: Export revenues are estimated to gross USD 50.1 billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

- **Geographic focus:** The year was characterized by a strong revival in the US, which increased its share to 61 per cent. Emerging markets of Asia Pacific also contributed significantly to overall growth.

- **Vertical markets:** The industry's vertical market mix is well balanced across several mature and emerging sectors. 2009 saw increased adoption of outsourcing from not only our biggest segment i.e., the Banking, Financial Services and Insurance (BFSI), but also new emerging verticals of retail, healthcare and utilities.

- **Service lines:** The IT Services segment aggregated export revenues of USD 27.3 billion, accounting for 55 per cent of total exports. Indian IT service offerings have evolved from application development and maintenance, to emerge as full service players providing testing services, infrastructure services, consulting and system integration. Within that, IT outsourcing exhibited a strong growth, in line with the global trend, driven by increased spend in the remote infrastructure management, application management, testing and SOA segments. Further, cloud computing took centre stage this year, as it offered clients access to best-in-class process management at reduced capital expenditure levels. Even though growth in BPO was single digit for the first time, it still is the fastest growing segment of the industry and is estimated to reach USD 12.4 billion in FY2010, growing at 6 per cent. Increased acceptance of platform BPO solutions was the key highlight, as Indian BPO providers increasingly focused on transforming client businesses through a mix of re-engineering skills, technology enablement, and new service delivery methods. Additionally, the engineering design and products development segments that involve IP driven service capabilities command an exports revenue share of 20 per cent, generating total revenues of USD 10 billion in FY2010, growing by 4.2 per cent.

- **Domestic market:** Domestic IT-BPO revenues are expected to grow at almost 8.5 per cent to reach INR 1,088 billion in FY2010. Rise of Indian corporations facing competitive market conditions through an increasingly globalised Indian market, increased spend by the government in several e-Governance initiatives, enhanced connectivity and increased levels of IT spending are key factors, which make the domestic market lucrative today. Coupled with the fact that companies are looking to improve competitiveness by adopting global best practices, leverage customized service offerings and new delivery models such as SaaS, which ensures greater cost savings. Domestic IT services is expected to grow by 12 per cent in FY2010. While hardware spend is largely expected to remain flat in FY2010, an imminent hardware refresh cycle will positively impact revenues next year. The domestic BPO segment has continued its strong performances over the past few years, growing by 22 per cent over FY2009, to reach INR 108 billion, driven by large deals in the telecom and BFSI space.

Indian IT-BPO Value Proposition

Availability of quality talent at cost effective rates, rapidly developing infrastructure, an enabling innovation environment, supportive regulatory policies, and a positive overall business environment — are all central pillars of India's value proposition

- **Low cost of delivery-** India offers the lowest cost of delivery as compared to other offshore locations, with Tier-I locations offering savings of ~70 per cent over source locations, Tier-II/III cities in India offer a still larger benefit.

- **High Caliber talent pool**- Availability of skilled talent has been India's foremost attraction as a global sourcing country. India's graduate outturn has more than doubled in the past decade, with addition of 3.7 million graduates in FY2010, a scale unmatched by any other country. While some gaps in talent suitability exist, they are being addressed through strong provider-level initiatives and industry-led programmes.

- **Robust process delivery**- The industry has been extremely quality focused, with India based centres accounting for the largest number of quality certifications achieved by any country. The industry has also set standards in the establishment and maintenance of best practices in corporate governance, and leads in customer satisfaction.

- **Business environment and infrastructure**- Timely government policies and increased public private participation have played a key role in developing an enabling business environment for the Indian IT-BPO sector. India's strong education framework ensured ample supply of technical and non technical talent, while the establishment of Software Technology Parks of India (STPI) and later SEZs provided an enabling ecosystem for the industry to flourish. Infrastructure development has been addressed by both public and private sector, leading to the development of world class facilities in select cities.

- **Growing Indian market**- India has become, in purchasing power parity terms, the fourth largest economy in the world. India's economic growth since 1980 has been rapid. Real average household income has roughly doubled since 1985. With rising incomes, household consumption has soared and a new middle class has emerged. It is expected that India will go through a major transformation over the next decade and emerge as the fifth largest consumer market provided it continues its high growth path.

- Transformational capabilities- The industry has been enhancing its abilities to transform client businesses through increased R&D spend, focus on IP creation, development of new technologies incorporating process and business model innovation and increased domain expertise.

- **Global footprint**- Increased focus on global delivery has required the industry to enhance its global footprint, which has in turn helped the industry reach out to new customer segments and offer new services. Over the last two years, there has been a 32 per cent increase in the number of global delivery centres with outreach expanding to 12 new countries.

- **Focus on sustainable growth**- Going green has become the motto of the industry as it seeks to develop a business model that is not only competitive but sustainable with minimum ecological impact.

Impact of IT-BPO Sector on India

The impact of the IT-BPO sector is multi-pronged as elucidated below:

- **Contribution to India's economy**- In addition to a high contribution to the country's GDP and share of exports, the industry and employees contribute about USD 4.2 billion to the exchequer. Additionally, the downstream effect of the industry's operating and capital expenditure was estimated to be around USD 30 billion, while consumer spending effect from its employees amounted to USD 21 billion in FY2009.

- **Enabling regional development**- Also, the industry has played a key role in regional development with IT-BPO intensive states accounting for over 14 per cent of respective state GDPs, with 58 per cent of engineering graduates, and 62 per cent of engineering colleges. IT-BPO intensive states have 100 per cent higher broadband penetration and 50 per cent higher tele-density than the India average, and also account for 75 per cent of SEZs.

- **Empowering diverse human assets-** The industry has played its part in empowering a diverse set of human assets – 30 per cent of employment in the age group 18-25 yrs, 4 per cent of employment for economically backward people, over 30 per cent of total employee base are women, 60 per cent of companies offer employment to differently-abled people, while 58 per cent of total employment are originally from Tier-II/III cities.

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

- Enhancing the brand image of India- The industry has played a key role in enhancing the brand image of India, by accounting for over 10 per cent of total FDI in the last decade, over 200 cross border acquisitions between FY2005-FY2009, and establishment of over 900 MNC captives in the last decade. Facilitating social development- The industry has imbibed a strong sense of social responsibility with over USD 50 million spent in FY2009 towards CSR activities mainly focused on education, health awareness and ecological development.

Future Outlook

The beginning of the new decade heralds the slow, but steady end of the worst recession in the past 60 years. Global GDP, after declining by 1.1 per cent in 2009, is expected to increase by 3.1 per cent in 2010, and 4.2 per cent in 2011, with developing economies growing thrice as fast as the developed economies. Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage. Organisations now recognise IT's contribution to economic performance extending beyond managing expenditures. They expect IT to play a role in reducing enterprise costs, not merely with cost cutting but by changing business processes, workforce practices and information use. Movement toward SaaS and cloud computing, shared services, and more selective outsourcing will take firmer shape as near-term priorities to address constrained IT budgets. Government IT spending continues to rise across the world, focusing on infrastructure, and security. Other areas of spending include BPM, data management, on demand ERP, virtualisation, and efforts to increase and deliver enterprise managed services on IP networks.

Business process outsourcing spending in 2010 is expected to be increasingly driven by F&A segment and procurement, followed by HR outsourcing. Providers will increase their focus on developing platform BPO solutions across verticals and services. In the year 2010 is also expected to be an IT hardware refresh year with Windows 7 driving the replacement cycle, albeit in a highly cost constrained environment. Lower configured systems, lower ASPs, virtualization and consolidation will mean that the increase in replacement demand will not necessarily be reflected in increased levels of spend.

Growth in outsourcing is expected to supersede overall IT spend reaffirming its potential to not only support short term, tactical goals of cost savings, but also long term advantages of increased competitiveness, efficiencies and access to emerging markets. Within outsourcing, off shoring will see increased acceptance as offshore based providers grow and traditional service provider's ramp up offshore delivery capabilities.

Even though India has a 51 per cent market share of the off shoring market, there is tremendous headroom for growth as current off shoring market is still a small part of the outsourcing industry. Significant opportunities exist in core vertical and geographic segments of BFSI and US, and emerging geographies and vertical markets such as Asia Pacific, retail, healthcare and government respectively. Development of these new opportunities can triple the current addressable market, and can lead to Indian IT-BPO revenues of USD 225 billion by 2020. The industry also has the potential to transform India by harnessing technology for inclusive growth.

However, realisation of this potential will involve mitigation of several challenges that India faces currently. Costs are expected to rise with wage inflation and increased attrition. While India has ample supply of talent, it is largely trainable in nature, not employable. This leads to incremental training costs and increased downtime for the industry, which is challenging keeping in mind quality talent availability in competing countries. Currently, over 90 per cent of total revenues are generated from the seven Tier-I locations, which are nearing peak capacities in terms of infrastructure support. India has to quickly develop other delivery locations to achieve its 2020 vision. There are concerns around security – both physical and data related, in service delivery, which would need to be addressed. Currency fluctuations have also dented India's competitiveness, and steps need to be taken to address India's increased risk perception. A key impact of the recession has been the rise of protectionist sentiments in major markets for the industry. The impending discontinuation of fiscal incentives and frequent changes in fiscal regulations are making the business environment more challenging. Last but not the least, a number of new outsourcing destinations seeking to emulate India's success have emerged, offering multiple fiscal and training incentives, making them cost competitive.

Concerted action by all stakeholders around below parameters is required to capture the opportunities and mitigate future risks. In doing so, stakeholders (industry, NASSCOM and the government) will need to act together in an unprecedented manner:

- **Catalysing growth beyond today's core markets:** Breaking ground in new markets (verticals, geographies, segments) through reinvented offerings and business models.

- **Establishing India as a trusted global hub for professional services:** Building a conducive business environment (improved infrastructure, public services, corporate governance, and security) and a strong global image. This will require the stakeholders to address risk issues associated with India, and make serious efforts to build a strong global brand.

- **Harnessing ICT for inclusive growth:** Stimulating inclusion of citizens by enabling technology-led solutions in healthcare, financial services, education and public services, leading to increased connectivity, improved soft infrastructure, and a balanced regional development.

- **Developing a high calibre talent pool:** Bridging a crucial talent gap by addressing gaps in tertiary education, at the same time fuelling efforts to upgrade curriculum, faculty and training methodologies.

- **Building a pre-eminent innovation hub in India:** Encouraging intellectual property, establishing distinctive capabilities and fuelling entrepreneurship.

India's technology and business services industry has flourished in the last decade. A bright future lies ahead and the industry has much to look forward to, with the potential to quadruple its revenues over the next decade. Several macro-economic and social trends will support the rise of the IT-BPO sector in the future, in core and emerging markets.

However, it is imperative for industry stakeholders to break out of the traditional mould that resulted in past successes and step up to the aspirations of the future. This would need new business models, reinvented service offerings and an enabling environment supported by adequate levels of infrastructure and talent. India faces serious competition from other global sourcing locations, and to retain its advantage, concerted effort is needed by all stakeholders. Development of Tier-II/III cities to support major delivery locations is an imperative, along with upgrading the overall quality of talent pool.

The government needs to continue nurturing this industry with incentives and a simplified tax structure that will promote investments, and also will need to drive the domestic industry by spending on e-Governance projects.

(Source: NASSCOM Strategic Review 2010)

SUMMARY OF BUSINESS

You are requested to note that for the purpose of this section, all references to the terms "we", "us", "our" shall mean our company (Taksheel Solutions Limited; TSL) as well as our Subsidiary.

Introduction

We are comprehensive IT Solution Company focused on providing products and services for the companies engaged in financial services industry & Telecom, which are driven by technology all over the world. Our 11 years of presence in the industry has given us good business domain knowledge and experience in deploying products & solutions. Our revenues have grown from Rs. 3202.97 Lakhs for the Fiscal 2008, to Rs. 3543.03 Lakhs for the Fiscal 2009, to Rs. 4950.15 Lakhs for the Fiscal 2010, in large part due to better business operation and strategic acquisitions in the recent past. These strategic moves have benefitted us in our financial performance and have enabled us to grow at 5 year CAGR (ending Fiscal 2010) of over 48.81% in our revenues and about 53.63% and 63.50% in our EBITDA and Profits after Tax respectively

The knowledge and experience gained by our team drive us to many new and exciting developments. Our blend of academic and technical knowledge allows us to provide range of IT services. Headquartered in Hyderabad, with an office in North America, we provide professional IT services to global clients. Our solutions together with our expertise, drives our clients to become a value based, performance-focused organizations.

Our Company vision of simplifying Information Technology for business. Our Company has since than evolved to emerge as a specialized solutions provider offering Wealth Management Technology Solutions, Telecom Solutions, Business Intelligence, Data Warehousing, Application Development and Application Maintenance

The Company's solutions/services, in general technical areas, include the following:

- Wealth Management Solutions
- Telecom Solutions
- Application Development & Maintenance
- Data Warehousing & Business Intelligence
- Offshore Outsourcing

COMPETITIVE STRENGTHS

We believe that the following are our principal competitive strengths, which differentiates us from other IT solutions providers:

- ***Wide Range of Wealth Management Solutions***

We have rolled out a broad range of wealth management technology solutions to global financial institutions in serving their high net worth clients, such as banks, hedge funds, insurance companies, investment managers, brokerage firms, trusts and family offices .Our integrated wealth management solutions approach spans across the following business processes like Advisory tools, Financial planning, Asset allocation, Asset aggregation, Portfolio valuation, Performance monitoring, Risk profiling, Interface with external systems .This offerings cover the entire gamut of wealth management cycle. Wealth management solutions market is a high margin niche in BFSI sector, which is constantly improving the top-line as well as the bottom-line of the company.

- ***Advantage of Early Entry***

We are one of the few players that entered the wealth management solutions market in its early stages and remain focused on providing cutting edge technology solutions to the global clients in the market. Wealth management market is an attractive niche segment in financial services industry. With the cumulative experience and business process exposure we are able to offer differentiated and customizable services to the clients. The early mover advantage will be of immense help to add new clients and generate additional sales from the existing clients.

- ***Unique, Versatile and State of the art Telecom products***

We are specialized and developed products in IP multimedia subsystem(IMS), Telecom Signalling Integrated Standard Digital Network (**ISDN**), Channel Associated Signalling (**CAS**), Signalling System 7(**SS7**), Short Message Service Centre(**SMSC**s), Least Cost Routing system (**LCR**), Optimal Routing Solutions (**ORS**), Voice Mail Servers (**VMS**) and other Value Added Services (**VAS**) content delivery platforms. Our product portfolio covers enterprise IP-Telephony, Unified Communication System, Carrier Grade solutions, Wireless VOIP solutions, IVRS, Voice Loggers, Video Conferencing, NMS and other IT Solutions.

- ***Depth of experience and knowledge in targeted industry segments***

We actively track the industry trends, technologies, and markets that drive our customers businesses in our target industry verticals. We have invested in building a team of industry specialists who have an understanding of the industries in which our customers operate and the competencies that they require. We have established competency centers, across our domain, product engineering and platform expertise that are cross-functional teams which develop capabilities to differentiate, support and promote our core businesses enabling us to:

- ***Ability to Manage and Establish Enduring Relationship with Large Clients***

We have a proactive CRM approach to discover and meet the clients' needs and expectations on a regular basis. We have dedicated account managers for large clients to forge long, sustained and mutually beneficial relationships with the clients. Our ability to respond quickly to clients' needs, be always accessible to the clients, have flexible approach to problem solving, and provide customized services have contributed to high levels of satisfaction of our clients.

- ***Qualified Professionals and Strong Management Team***

We have global pool of domain experts who are experienced in the financial services & Telecom industry domains. We have the ability to put together large implementation teams with a diverse set of technical and management skills. Our employees are organized with their areas of expertise and are committed to work, showing good teamwork. Our top management comprises professionals with over two decades of rich experience in diverse industry domains, and qualifications from reputed universities and institutions in India and USA. Founders of the company are first generation entrepreneurs with IT qualifications from USA.

BUSINESS STRATEGY

We seek to further enhance our position as a leading provider of integrated IT solutions and services, to achieve this goal we seek to:

- ***Focus on wealth management solutions***

We will continue to strongly focus on our main strength WMS, as it is one of the growing and evolving segments. We are adopting proactive target marketing for gaining market share in the wealth management solutions market. Our solutions help WMS providers distribute investment products, provide advice and enhance their services. The solution is scalable and addresses all compliance requirements. It delivers customized and adaptive solutions for service providers having clients from the mass affluent to the high net worth and covers the full spectrum of investment processes of brokerages, banks, insurance firms and other wealth management providers. Our solutions address account/data aggregation, online collaboration and workflow-based functionalities.

- ***Focus on Telecom products & Solutions.***

We are majorly focused on providing customized solution in the area of Enterprise IP-Telephony, Unified Messaging System, Carrier Grade solutions for wholesale retail clients over VOIP, VOIP Integrated Wireless solutions, IVRS, Voice Loggers, Video Conferencing, Network Monitoring & Management, Data Security Solutions. Our products range covers Analog, Digital & GSM PCI telephony Interface cards, Multi-functional IP Phones (Basic Executive and Advanced), Analog and GSM Channel banks. We are one stop shop providing complete range of telecom products required from SOHO office to Mid-Range and Large corporates.

- ***Growing our business through expand service offerings like BPO, KPO***

After concentrating on our core business activities for the last 11 years we are planning to expand our business through providing captive BPO and KPO offerings in Financial Services and Telecom areas. We have received requests from our existing and satisfied customers to provide this service. We expect these to materialize in the near future.

- ***Geographical expansion***

We are in the process of expanding our operations and we have recently started our operations from Delaware. We already have our presence in India and New Jersey. We propose to expand our operations in Asia-Pacific markets and Middle Eastern countries.

- ***Inorganic Growth***

We will continue to explore opportunities for acquisitions or joint ventures or alliances that leverage on the existing service offerings, cater to new client relationships or give us a presence in complementary markets. We will pursue strategic acquisitions and other inorganic initiatives that will strengthen our competitive position as well as drive profitable revenue growth.

- ***Invest in Our People and Culture***

As a people-based business, we continue to invest in the development of our professionals and to provide them with entrepreneurial opportunities and career development and advancement. Our technology, business consulting and project management councils ensure that each client team learns best practices being developed across our company and our recognition program rewards teams for implementing those practices. We believe these results in a team of motivated professionals armed with the ability to deliver high-quality and high-value services for our clients.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the audited restated standalone financial statements for the three months period ended June 30, 2010 and the year ended March 31, 2006, 2007, 2008, 2009 and 2010. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and presented under the section Financial Statements on page 125 of this Draft Red Herring Prospectus. The summary financial information presented below should be read in conjunction with the restated financial statements, the notes thereto and the sections - Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations on page 149 of this Draft Red Herring Prospectus.

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Amount in Rs. lacs, except EPS and share price data)

S.NO	PARTICULARS	FOR YEAR ENDED MARCH 31					For the period ended
		2006	2007	2008	2009	2010	30.06.2010
A	**FIXED ASSETS**						
	Gross Fixed Assets	156.75	184.27	270.88	271.87	46.46	46.46
	Less: Accumulated Depreciation	59.43	73.62	104.27	136.14	6.39	8.11
	Net Fixed Assets	97.32	110.65	166.61	135.73	40.07	38.35
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Fixed Assets after revaluation Reserve	97.32	110.65	166.61	135.73	40.07	38.35
	Capital work in progress	0.00	65.47	144.98	161.19	1174.38	1174.37
	Goodwill	0.00	0.00	1995.46	997.73	0.00	0.00
	TOTAL FIXED ASSETS	**97.32**	**176.12**	**2307.05**	**1294.65**	**1214.45**	**1212.72**
B	**INVESTMENTS**	**201.04**	**267.04**	**267.04**	**267.04**	**0.00**	**0.00**
C	**CURRENT ASSETS, LOANS & ADVANCES**						
	Inventories	0.00	0.00	0.00	0.00	0.00	0.00
	Sundry Debtors	345.68	405.95	1188.98	2975.56	4251.67	4848.66
	Cash & Bank Balances	3.48	1.40	97.80	137.96	12.45	2.32
	Loans & Advances	35.38	816.42	2983.96	1579.92	1776.31	1854.44
	Other Current Assets	1.02	104.58	41.64	11.15	8.52	8.52
	TOTAL (C)	**385.56**	**1328.35**	**4312.38**	**4704.59**	**6048.95**	**6713.94**
D	**LIABILITIES AND PROVISIONS**						
	Secured Loans	59.15	280.41	302.29	319.76	309.33	308.94
	Unsecured Loans	0.00	0.00	0.00	79.88	77.06	75.05
	Deferred Tax Liability (Net)	0.00	0.00	0.00	0.00	0.00	0.00
	Current Liabilities & Provisions	66.62	62.32	319.14	358.91	558.00	610.96
	TOTAL (D)	**125.77**	**342.73**	**621.43**	**758.55**	**944.39**	**994.95**
E	**NET ASSETS (C - D)**	**259.79**	**985.62**	**3690.95**	**3946.04**	**5104.56**	**5718.99**
F	**NET WORTH (A + B + E)**	**558.15**	**1428.78**	**6265.04**	**5507.73**	**6319.01**	**6931.71**
	Represented by						
	Share Capital	321.47	578.65	1135.21	1135.21	1635.21	1635.21
	Reserves & Surplus	169.78	701.45	5129.83	4372.52	4683.80	5296.50
	Share Application Money	66.90	148.68	0.00	0.00	0.00	0.00
	Share Holders Funds	**558.15**	**1428.78**	**6265.04**	**5507.73**	**6319.01**	**6931.71**

STANDALONE STATEMENT OF PROFIT AND LOSS AS RESTATED

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	30-06-2010
Income						
Software & Consultancy Services	674.55	1167.88	3171.68	3319.53	4950.15	2498.65
Other Income	3.80	18.57	31.29	223.50	0.00	125.43
Total Income	**678.35**	**1186.45**	**3202.97**	**3543.03**	**4950.15**	**2624.08**
Expenditure						
Software Development and Operating expenses	119.86	81.75	1181.67	2945.61	3276.57	1943.41
Employees remuneration	281.30	190.75	144.61	198.56	118.19	35.43
Managerial Remuneration	0.75	0.00	5.75	7.08	7.02	1.73
Loss of Fixed Assets	0.00	0.70	0.00	0.00	134.72	0.00
Administrative Expenses	3.88	84.57	55.75	65.84	121.61	16.60
Foreign Exchange Fluctuations	3.77	3.81	159.24	0.00	422.11	0.00
Selling Expenses	1.33	0.93	5.97	0.00	0.54	0.00
Finance Charge/Interest Cost	12.29	16.78	33.86	50.93	53.99	12.50
Depreciation	12.95	14.35	30.65	31.87	6.39	1.72
Deferred Revenue Exp. Written Off	165.89	0.00	0.00	0.00	0.00	0.00
Total Expenditure	**602.02**	**393.64**	**1617.50**	**3299.89**	**4141.14**	**2011.39**
Profit Before Tax (PBT)	**76.33**	**792.81**	**1585.47**	**243.14**	**809.01**	**612.69**
Prior Period Expense	5.82	2.76	0.22	1.84	0.00	0.00
Provision for Tax						
Current Tax	0.00	0.00	1.11	0.00	0.00	0.00
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
Minimum Alternate Tax	0.00	0.00	179.54	0.00	0.00	0.00
US Corporation Income Tax	0.00	0.00	0.57	0.00	0.00	0.00
Fringe benefit tax	1.26	1.21	0.82	0.88	0.00	0.00
Profit After Taxation (PAT)	**69.25**	**788.84**	**1403.21**	**240.42**	**809.01**	**612.69**
Profit & Loss Account at the beginning of the Period	100.53	169.78	701.45	2104.66	2345.08	3154.09
Profit/(Loss) available for appropriation	69.25	788.84	1403.21	240.42	809.01	612.69
Transferred to share capital on allotment of bonus	0.00	257.17	0.00	0.00	0.00	0.00
BALANCE CARRIED FORWARD	**169.78**	**701.45**	**2104.66**	**2345.08**	**3154.09**	**3766.78**

STANDALONE STATEMENT OF CASH FLOW AS RESTATED

(Amount in Rs. lacs, except EPS and share price data)

S.NO	PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
		2006	2007	2008	2009	2010	30-06-2010
A.	**Cash Flow from Operating Activities**						
	Net Profit / (Loss) before tax	76.33	792.81	1585.47	243.14	809.01	612.69
	Adjustment for :						
	Depreciation	12.95	14.20	30.65	31.87	6.39	1.72
	Amortization	160.07	0.00	0.00	0.00	0.00	0.00
	Other Adjustments /Prior period exp.	3.75	-2.76	0.22	0.00	0.00	0.00
	Loss on Sale of Asset	0.00	0.70	0.00	0.00	134.72	0.00
	Interest Expenses	12.29	16.78	31.86	40.78	44.88	12.50
	Interest Income	-0.10	-0.08	-0.04	-0.08	0.00	0.00
	Operating profit before working capital changes	265.29	821.65	1648.16	315.71	995.00	626.91
	Change in Sundry Debtors & Other Receivables	-238.60	-251.25	-2887.63	-352.06	-1276.12	-675.11
	Change in Current Liabilities and Provision	4.22	-4.30	76.50	39.77	199.47	52.96
	Cash generated from operations	30.91	566.10	-1162.97	3.42	-81.65	4.76
	Taxes paid	-1.26	-1.21	-2.16	-2.72	1.00	0.00
	Net cash from operating activities A	**29.65**	**564.89**	**-1165.13**	**0.70**	**-80.65**	**4.76**
B.	**Cash Flow from Investing Activities**						
	Capital & Deferred Expenditure (net)	-2.09	-93.74	-166.13	-17.18	0.00	0.00
	Purchase of Investments (net)	-62.50	-66.00	0.00	0.00	0.00	0.00
	Sale of Assets	0.00	0.05	0.00	0.00	0.00	0.00
	Interest Income	0.10	0.08	0.04	0.08	0.00	0.00
	Net cash from investing activities B	**-64.49**	**-159.61**	**-166.09**	**-17.10**	**0.00**	**0.00**
C.	**Cash Flows from Financing Activities**						
	Share Capital / Application	72.41	81.79	407.88	0.00	0.00	-12.92
	Share Premium Received	0.00	0.00	1029.72	0.00	0.00	0.00
	Increase (Decrease) in Term Loans (net)	-40.35	-12.16	21.88	17.47	0.00	-0.38
	Interest Paid	-12.29	-16.78	-31.86	-40.78	-44.88	-12.50
	Increase/(Decrease) In Cash Credit	18.24	233.42	0.00	0.00	0.00	0.00
	Increase/(Decrease) in Unsecured loan	0.00	0.00	0.00	79.88	0.00	10.92
	Loan to Subsidiary	0.00	-693.62	0.00	0.00	0.00	0.00
	Net cash used from financing activities C	**38.01**	**-407.35**	**1427.62**	**56.57**	**-44.88**	**-14.88**
	Net change in cash (A+B+C)	**3.17**	**-2.07**	**96.40**	**40.17**	**-125.53**	**-10.12**
	Cash and cash equivalents at beginning of years	0.30	3.47	1.40	97.80	137.97	12.44
	Cash and cash equivalents at end of year	3.47	1.40	97.80	137.97	12.44	2.32

THE ISSUE

Equity Shares Offered:	
Public Issue of Equity Shares by our Company	55,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs. [*] aggregating to Rs. **[*]** Lacs.
of which:	
A) Qualified Institutional Buyers (QIBs) Portion	Upto 27,50,000 Equity Shares of Rs.10/- each, constituting up to 50% of the Issue *(allocation on proportionate basis)* for cash at a price of Rs [*] aggregating Rs. [*] Lacs. Out of which 5% i.e.1,37,500 Equity Shares of Rs.10/- each for cash at a price of Rs [*] aggregating Rs. [*] Lacs will be available for allocation to Mutual Funds only and the remaining QIB portion will be available for allocation to other QIBs, including Mutual Funds.
B) Non-Institutional Portion	8,25,000 Equity Shares of Rs.10/- each, constituting not less than 15% of the Issue *(allocation on proportionate basis)*, for cash at a price of Rs [*] aggregating Rs. [*] Lacs.
C) Retail Portion	19,25,000 Equity Shares of Rs.10/- each, constituting not less than 35% of the Issue *(allocation on proportionate basis)*, for cash at a price of Rs. [*] aggregating Rs. [*] Lacs.
Equity Shares outstanding prior to the Issue	1,63,52,107 Equity Shares of Rs. 10/- each.
Equity Shares outstanding after the Issue	2,18,52,107 Equity Shares of Rs. 10/- each.
Objects of the Issue	Please refer to chapter titled “Objects of the Issue” on page 36 of this DRHP

Under Subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM and the designated Stock Exchange.

GENERAL INFORMATION

(Our Company was originally incorporated as IBSS Techno-Park Private Limited on September 23, 1999 with the Registrar of Companies, Andhra Pradesh, Hyderabad under the Companies Act, 1956. Name of our Company was subsequently changed to Taksheel Solutions Private Limited on November 29, 2006 and our company was converted into a Public Limited Company on December 06, 2006. Consequent on its conversion, the Registrar of Companies, Andhra Pradesh, Hyderabad has issued a fresh certificate of incorporation dated December 28 2006. Our Company's CIN is: U72200AP1999PLC032556). (For details of change in our name and our Registered Office, refer to the chapter titled "History and Certain Corporate Matters" beginning on page 103 of this Draft Red Herring Prospectus)

Registration Number: 01-32556 of 1999-2000 (CIN: U72200AP1999PLC032556)

Registered Office:
Taksheel Solutions Limited
Lanco Hills Technology Park Private Limited (SEZ),
Survey No.201, Manikonda Village,
Rajendra Nagar Mandal,
Hyderabad - 500 089,
Andhra Pradesh, India
Tel No: +91-40-4021 5915/17
Fax No: +91-40-40215916
Website: www.taksheel.com
Email: ipo@taksheel.com

Our Registrar of Companies
Registrar of Companies
2nd Floor, CPWD Building,
Kendriya Sadan, Sultan Bazar,
Koti, Hyderabad – 500 195
Andhra Pradesh, India

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

S.No.	Name of the Director & Designation	Age	DIN	Address
1.	**Mr. Pavan Kumar Kuchana** *Chairman cum Managing Director*	42	00912842	Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India
2.	**Mr. Ramaswamy Kuchana** *Director*	67	00911738	Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India
3.	**Mr. N.V.Ramana** *Independent Director*	53	00040072	Flat No.201, Indra Dhanush Pavani Estates, Road No.2, Banjara Hills, Hyderabad, 500034; Andhra Pradesh, India
4.	**Mr. Vijay Kumar Devarakonda** *Independent Director*	43	01768820	H.No:11-2-472/15, Namalagundu, Mahamoodguda Ward, Sithaphalmandi, Secunderabad- 500006; Andhra Pradesh, India
5.	**Mr. Pramod Chada** *Independent Director*	42	03279131	P.No 41, F No. 404, Tulips Residency, Kondapur, Ranga Reddy District – 500084, Andhra Pradesh, India

Brief Biographies of our Directors

Mr. Pavan Kumar Kuchana

Mr. Pavan Kumar Kuchana, 42 years, is a Chairman cum Managing Director of the Company. He holds Bachelors Degree in Electronics and Tele-communications from Nagpur University and Masters in Computer Science from City College of New York (CCNY), City University, New York. Prior to joining Taksheel, he founded IBSS Inc in New Jersey in 1995. Mr.Kuchana has more than 17 years of experience in the industry. Since inception of the Company, Mr. Pavan has taken an active role to build a global organization with a focus on delivering value to customers. In the year 2000, he became the Director of the Company and in the year 2006, he was appointed as the Managing Director. Mr. Pavan provides Taksheel with a track record in developing "go to market" models, leveraging his skills in defining market opportunities, optimizing Company's resources to deliver solutions to these markets, and to build substantial barriers to entry.

Mr. Ramaswamy Kuchana

Mr. Ramaswamy Kuchana, 67 years, is the core promoter of the Company. Mr. Ramaswamy was joined the forest department under the Government of Andhra Pradesh in 1964 and has put in more than three decades of service before retiring as Forest Range Officer. He is the father of Mr. Pavan Kumar Kuchana, Chairman and Managing Director of the Company. He was instrumental in setting up the offshore development center at Hyderabad, India, and in procuring the land from Government of Andhra Pradesh, for construction of the proposed development center at Warangal. His leadership skills and administrative experience were of immense help to the Company, in its formative years.

Mr. N.V. Ramana

Mr. N.V. Ramana, 53 years, is an Independent Non-Executive Director of the Company. Mr. Ramana is a Post Graduate in Business Management from Indian Institute of Management (IIM), Ahmedabad and a Graduate in Dairy Technology from National Dairy Research Institute, Karnal. He has over 27 years of experience. Mr. Ramana served as Managing Director of Krishna Bhima Samruddhi (KBS) Local Area Bank, which is a pioneer in micro savings, bank on wheels and other deposit based insurance services in the under banked areas. He has successfully introduced weather derivatives (Rainfall Insurance) in the market through KBS Bank for risk mitigation of the small dry land farmers in Andhra Pradesh. He worked for ITC group for over two decades at various levels of management in the areas of procurement, commodity trading, processing, marketing and exports of agricultural commodities.

Mr. Vijay Kumar Devarakonda

Mr. Vijay Kumar Devarakonda, 43 years, is an Independent Non-Executive director of the company. He is an Engineering Graduate from Osmania University, College of Engineering, Hyderabad and a Post Graduate in Management from Indian Institute of Management, Bangalore (IIM Bangalore). Mr. Vijay brings 18 years of experience in Education, Information Technology and Consulting arena. With his down to earth and on the ground approach he has successfully launched and given shape to many business units and start-ups. A strategic thinker with a passion for new ideas and a reputation of being highly innovative and results oriented. Demonstrated ability to handle multiple business lines simultaneously. Innate ability to interpret industry trends to articulate potential risks and rewards, in seeking out new opportunities. He has good experience in business partnering and contract negotiation. Mr. Vijay has worked with Aptech, Sapphire technologies – USA and career launcher.

Mr. Pramod Chada

Mr. Pramod Chada, 42 years, Independent Director: Mr. Pramod holds Bachelors of Engineering (B.E) from Nagpur University in Electronics Engineering and Masters in Electronics Engineering (M.Tech) from REC Warangal (currently called as NIT). He has over 15 years of IT Industry Experience in various domains in Financial Services. He has extensive experience in managing and developing various projects in Wealth Management, Asset Management, Leasing & Loaning applications, Retirement benefits applications & Insurance applications. He has vast Architectural Design and Development experience in technologies like Java, Web sphere, Jsps, Servlets, EJBs, Struts, Spring, XML, Web services, Sybase, and Oracle. During his tenure at various financial services companies, Mr. Pramod was responsible to outsource the projects for offshore development in India and has managed onsite and offshore teams. He has worked with financial institutions like UBS (Union Bank of Switzerland), G.E Capital and Merryl Lynch. Mr. Pramod has been appointed as the Director of the Company in 2010.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Naresh Kumar Miryala
Taksheel Solutions Limited
Lanco Hills Technology Park Private Limited (SEZ)
Survey No.201, Manikonda Village,
Rajendra Nagar Mandal,
Hyderabad - 500 089, Andhra Pradesh.
Tel No: +91-40-40272479.
Fax No: +91-40-40215916.
Website: www.taksheel.com
Email: info@taksheel.com

Investors can contact the Compliance Officer i.e. Mr. Naresh Kumar Miryala and / or the Registrar to the Issue, i.e., Bigshare Services Private Limited and / or Book Running Lead Manager i.e. PNB Investment Services Limited, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue i.e. Bigshare Services Private Limited with a copy to the relevant SCSBs giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch or the collection centre of the relevant SCSBs where the ASBA Form was submitted by the ASBA Bidder.

BOOK RUNNING LEAD MANAGER

PNB INVESTMENT SERVICES LTD.

PNB INVESTMENT SERVICES LIMITED
11th Floor, Dalamal House,
Nariman Point, Mumbai – 400-021; India
Tel No.: +91-22-4347 4030 – 33
Fax No.: +91-22-2202 0056
Web: www.pnbisl.com
Email: mb@pnbisl.com
Contact Person: Mr. D. Subrahmanyam
SEBI Registration No: INM000011617

REGISTRAR TO THE ISSUE
BIGSHARE SERVICES PRIVATE LIMITED
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel No: +91-22-404 30 200
Fax No: +91-22-2847 5207
Website: www.bigshareonline.com
E-Mail: tsl.ipo@bigshareonline.com
Contact Person: Mr. Babu Raphael
SEBI Registration No.: INR000001385

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted

LEGAL ADVISOR TO THE ISSUE
Kanga & Co
Advocates & Solicitors,
Readymoney Mansion,
43, Veer Nariman Road, Fort,
Mumbai - 400 001
Tel No: +91-22-6623 0000
Fax No: +91-22-6633 9656
Web: www.kangacompany.com
Email: ipo.taksheel@kangacompany.com
Contact Person: Mr. Chetan Thakkar

AUDITORS TO THE COMPANY

Karumanchi & Associates
Chartered Accountants,
Flat No.301, Swarganivas Enclave,
7-1-619/A, Behind HUDA Complex,
Ameerpet, Hyderabad – 500 038
Tel No: +91-40-23734980
Fax No: +91-40-23064757
E-mail: karumanchi@myway.com
Contact Person: K.Peddabbai, Partner
Membership No: 025036
Firm Registration No: 001753S
Peer Review Registration No: 003696

BANKERS TO THE COMPANY

IDBI BANK LTD
City SME Centre, Mumbai,
161, 16th Floor, C Wing, Mittal Court,
Nariman Point, Mumbai – 400 021
Tel No: +91- 22-67498574/75/76/77,
Fax No: +91-22-22831128
E-mail: atul.rathod@idbi.co.in
Contact Person: Mr. Atual Rathod
Website: **www.idbi.com**

Bankers to the Issue / Escrow Collection Banks

The Bankers to the Issue / The Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Refund Bank

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC in consultation with the BRLM.

Syndicate Members

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC in consultation with the BRLM.

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue in consultation with the BRLM.

Self Certified Syndicate Banks

The SCSB's as per updated list available on SEBI's website (www.sebi.gov.in). For details on Designated Branches of SCSBs collecting the ASBA Form, please refer the above mentioned SEBI link.

Statement of Allocation of Responsibilities of the BRLM

PNB Investment Services Limited is the sole Book Running Lead Manager to the Issue and shall be responsible for the following activities in relation to the Issue:

Sr. No.	Activity	Responsibility	Coordination
1	Capital Structuring with relative components and formalities such as type of instruments, etc.	PNBISL	PNBISL
2	Due diligence of Company's operations / management / business plans /legal etc. Drafting and design of the Offer Document including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of Prospectus and ROC filing.	PNBISL	PNBISL
3	Drafting and approval of all statutory advertisement	PNBISL	PNBISL
4	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc.	PNBISL	PNBISL
5	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency, Bankers to the Issue	PNBISL	PNBISL
6	Preparation of Road show presentation and preparation of FAQs	PNBISL	PNBISL
7	International Institutional Marketing strategy • Finalise the list and division of investors for one to one meetings, in consultation with the Company, and • Finalizing the International road show schedule and investor meeting schedules.	PNBISL	PNBISL

8	Domestic institutions / banks / mutual funds marketing strategy • Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company. • Finalizing the list and division of investors for one to one meetings, and investor meeting schedules.	PNBISL	PNBISL
9	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalise Media and PR strategy; • Finalising centers for holding conferences for press and Brokers; • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material. • Finalise Collection Centers	PNBISL	PNBISL
10	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	PNBISL	PNBISL
11	Finalisation of Pricing, in consultation with the Company	PNBISL	PNBISL
12	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	PNBISL	PNBISL

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

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●] and has been assigned IPO Grade [●] indicating [●] fundamentals through its letter dated [●] and has been reaffirmed by the letter dated [●].

The IPO grading is assigned on a [●] scale from [●] with an "IPO Grade [●] indicating [●] fundamentals and an "IPO Grade [●] indicating [●] fundamentals. Attention is drawn to the disclaimer appearing under the paragraph titled *"Disclaimer clause of the IPO Grading Agency"* in the chapter titled *"Other Regulatory and Statutory Disclosures"* beginning on page 161 of this Draft Red Herring Prospectus.

This grading expires within [●] from the date of the report. The rationale for the Grade assigned to our Company's IPO by [●] has been set out in its report. A summary of the rationale for the grading assigned by [●] in its report is reproduced below:

Grading Rationale

The rationale / description furnished by the IPO grading agency will be updated at the time of filing the Red Herring Prospectus with SEBI and will be made available for inspection at out Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

Expert Opinion

Except for the report of (*) in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Trustees

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

Monitoring Agency

As per regulation 16 of the SEBI (ICDR) Regulations, 2009, monitoring agency is required to be appointed in case the issue size exceeds Rs. 50,000 Lacs. Since, our proposed issue size will not exceed Rs. 50,000 Lakhs; we do not propose to appoint a Monitoring Agency.

However, as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchange upon listing of the Equity Shares and the Corporate Governance Requirements, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the issue

Project Appraisal

The objects of the Issue have not been appraised by any appraising entity. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

Book Building Process

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

The principal parties involved in the Book Building Process are:

(1) Our Company;
(2) Book Running Lead Manager, in this case being PNB Investment Services Limited;
(3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE are eligible to act as underwriters, in this case being PNB Investment Services Limited and [●];
(4) Registrar to the Issue, in this case being Bigshare Services Private Limited;
(5) Escrow Collection Bank; and
(6) SCSBs.

This Issue is being made in terms of Regulation 26 (1) of the SEBI ICDR Regulations and through the 100% Book Building process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyer (‘QIB’) Bidders, out of which 5% shall be available for allocation on a proportionate basis to

Mutual Funds only and the remaining QIB portion shall be available for allocation on proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being 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 Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

In accordance with the SEBI (ICDR) Regulations 2009, QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. In addition, QIBs are now required to pay full 100% of the Bid Amount upon submission of the Bid-cum-Application Form during the Bid / Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page 173 of this Draft Red Herring Prospectus.

Our Company shall comply with the SEBI (ICDR) Regulations 2009 and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed PNB Investment Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI (ICDR) Regulations 2009 is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price will be made available at the websites of the BSE (www.bseindia.com) during the Bidding / Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Steps to be taken by the Bidders for Bidding
1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page 181 of this Draft Red Herring Prospectus);

2. Ensure that you have a dematerialized account and the dematerialized account details are correctly mentioned in the Bid cum Application Form including ASBA Forms;

3. Ensure that you have mentioned your PAN (see "Issue Procedure - PAN" on page 196 of this Draft Red Herring Prospectus);

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

5. Bids by ASBA bidders will have to be submitted to the designated Branches of the SCCBs. ASBA bidders should ensure that their bank account have adequate credit balance at the time of submission to the SCCBs to ensure that the ASBA Bid cum Application form is not rejected.

6. Ensure the correctness of your demographic details given in the Bid cum Application Form or the ASBA Bid-cum-Application Form, as the case may be, with the details recorded with your Depository Participant.

7. Bids by QIBs will have to be submitted to the BRLM other than Bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the same to Stock Exchange on which the Equity Shares are proposed to be listed.

If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of BSE, which our Company shall apply for after Allotment and the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Program

BID/ISSUE OPENS ON	**(*) 2011**
BID/ISSUE CLOSES ON	**(*) 2011**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding / Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form.

Standardized cut-off time for uploading of bids on the Bid/Issue Closing Date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids.

2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to Rs. 2,00,000 which may be extended up to such time as deemed fit by the Stock Exchange. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by BSE. It is clarified that the Bids not uploaded in the book would be rejected.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

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

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

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 issued by BSE, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchange. The Price Band will be decided by us in consultation with the BRLM. The announcement of the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate Member(s).

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

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members.

Underwriting Agreement

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
PNB Investment Services Limited 11th Floor, Dalamal House, Nariman Point, Mumbai – 400-021; India	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is indicative and would be finalized after determination of Issue Price and finalization of 'Basis of Allocation'.

The Board of Directors of our Company (based on a certificate given by the Underwriters) hereby declares that 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 SEBI Act. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

The underwriting agreements mentioned above shall not apply to the subscriptions by the ASBA bidders in this offer.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

Particulars	Aggregate Value Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A) AUTHORISED CAPITAL 2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	
B) ISSUED SUBSCRIBED AND PAID-UP CAPITAL 1,63,52,107 Equity Shares of Rs. 10/- each	16,35,21,070	
C) PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS 55,00,000 Equity Shares of face value of Rs. 10/- each *	5,50,00,000	**[•]**
Of which:# i. QIB portion of upto 27,50,000 equity shares of Rs. 10/- each ii. Non Institutional Portion not less than 8,25,000 equity shares of Rs. 10/- each iii. Retail portion of not less than 19,25,000 equity shares of Rs. 10/- each	**[•]**	**[•]**
D) PAID-UP EQUITY CAPITAL AFTER THE ISSUE 2,18,52,107 Equity Shares of Rs. 10/- each	21,85,21,070	**[•]**
E) SECURITIES PREMIUM ACCOUNT Before the Issue After the Issue ^	 **-** **-**	45,22,90,528.40 **[•]**

**The Issue has been authorized by a resolution of our Board dated 22nd November 2010 and by a special resolution passed pursuant to section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on 17th December 2010.*

#Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM and the designated Stock Exchange(s).

^ - The Securities Premium Account after the Issue shall be determined after the Book Building Process

Notes on Capital Structure

1. Changes in the Authorised Capital

The details of Increase in Authorised Share Capital of Our Company since incorporation

Date of Resolution	Increased from	Increased to	AGM/EGM
23-09-1999	-	Rs.25,00,000 divided into 2,50,000 Equity shares of Rs.10/- each (At the time of Incorporation)	-
30-10-2000	Rs. 25,00,000 divided into 2,50,000 Equity Shares of Rs. 10/- each	Rs. 1,50,00,000 divided into 15,00,000 Equity Shares of Rs. 10/- each	EGM
31-10-2005	Rs. 1,50,00,000 divided into 15,00,000 Equity Shares of Rs. 10/- each	Rs.3, 50,00,000 divided into 35,00,000 Equity Shares of Rs. 10/- each	EGM
20-09-2006	Rs.3, 50,00,000 divided into 35,00,000 Equity Shares of Rs. 10/- each	Rs. 15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs. 10/- each	AGM
30-04-2007	Rs. 15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs. 10/- each	Rs. 20,00,00,000 divided into 2,00,00,000 Equity Shares of Rs. 10/- each	EGM
17-12-2010	Rs. 20,00,00,000 divided into 2,00,00,000 Equity Shares of Rs. 10/- each	Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10/- each	EGM

2. ***Share Capital History of Our Company***

The following is the history of the Equity Share Capital of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Share Premium (Rs.)
September 23, 1999	200	10	10	Cash	Subscription to the Memorandum	200	2000	Nil
December 11, 2000	12,14,500	10	10	Cash	Allotment to Promoter & Non Promoters	1,214,700	12,147,000	Nil
March 17, 2001	278,680	10	10	Cash	Allotment to Promoters	1,493,380	1,49,33,800	Nil
December 26, 2005	13,85,608	10	10	Other than Cash	Allotment to Promoters	2,878,988	28,789,880	Nil
December 26, 2005	335,710	10	10	Cash	Allotment to Promoters	3,214,698	32,146,980	Nil
November 25, 2006	2,571,758	10	-	Bonus Issue	Bonus Issue in the ratio of 8 shares for every 10 shares held	5,786,456	5,78,64,560	Nil
May 02, 2007	189,643	10	78.40	Cash on Preferential Basis	Allotment to Promoters	5,976,099	5,97,60,990	1,29,71,581.20
May 02, 2007	4,376,008	10	78.40	Other than Cash on Preferential Basis	Allotment to Promoters	10,352,107	103,521,070	31,22,90,528.40
November 24, 2007	1,000,000	10	100	Cash on Preferential Basis	Allotment of shares to Non Promoters	11,352,107	113,521,070	40,22,90,528.40
October 01, 2009	5,000,000	10	20	Other than Cash	Allotment of shares to Non Promoters	16,352,107	163,521,070	45,22,90,528.40

3. ***Equity Shares allotted for consideration other than cash:***

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Benefits accrued to the company
November 25, 2006	25,71,758	10	-	Bonus Issue in the ratio of 8 shares for every 10 shares held $	Nil
December 26, 2005	13,85,608	10	10	Allotment to Lexicon Pvt. Ltd, Republic of Mauritius ^	Our Company has acquired Business from Lexicon Private Ltd, Republic of Mauritius
May 02, 2007	43,76,008	10	78.40	Allotment of shares to Lexicon Private Limited, Republic of Mauritius %	Company Has acquired Business from Lexicon Private Ltd, Republic of Mauritius
October 01, 2009	50,00,000	10	20	Allotment to Verisoft Business Solutions Private Limited for acquisition of software product @	Acquisition of Software Product from Verisoft Business Solutions Private Limited

$ - Pursuant to AGM held on November 25, 2006, our Company has issued 25,71,758 Bonus Shares in the ratio of 8 equity share for every 10 equity shares held to all the Shareholders, by capitalization of the surplus in the profit & loss account.

^ Allotment of 13,85,608 Equity shares of Rs.10/- each of our Company to Lexicon Private Limited, in lieu of 100% acquisition of IBSS Inc., Our Company has paid a consideration of Rs.1,38,56,080/- (Rupees One Crore Thirty Eight Lakhs Fifty Six Thousand and Eighty Only) by way of allotment of 13,85,608 Equity Shares of Rs.10/- each at face value by way of Share Swap.

% - Allotment of 43,76,008 Equity Shares of Rs. 10/- each at a premium of Rs. 68.40 per shares of the Company to Lexicon Private Limited for the purchase of part business of Dataformix Inc. (A unit of Lexicon). The Company paid a consideration of Rs. 34,30,79,000/-by way of Allotment of 43,76,008 Equity shares of Our Company at a price of Rs. 78.40/- per share.

@ Allotment of 50,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per shares of the Company Limited to Verisoft Business Solution Private Limited for acquisition of software product. The Company a consideration of Rs. 10,00,00,000 by way of Allotment of 50,00,000 Equity shares of our Company at a price of Rs. 20/- per share.

4. *Promoter shareholding Build-up*

The Equity shares held by the Promoters were allotted / acquired in the following manner:

Date of Allotment / Transfer	Nature of Consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)	Reason for Allotment / Transfer
Mr. Pavan Kumar Kuchana (A)					
September 24, 2009	Cash	50	10	10	Transfer from Bagya Lakshmi Kuchana
December 11, 2000	Cash	998,100	10	10	Further Allotment
March 17, 2001	Cash	102,000	10	10	Further Allotment
March 17, 2001	Cash	(998,100)	10	10	Transfer to Lexicon Private Limited
December 26, 2005	Cash	180,710	10	10	Further Allotment
November 25, 2006	Bonus	226,208	10	0	Bonus Issue
	Sub Total (A)	**5,08,968**			
% of Pre Issue paid up equity share capital 3.11%					
% of Post Issue paid up equity share capital 2.33%					
Mr. Ramaswamy Kuchana (B)					
September 23, 1999	Cash	100	10	10	Subscriber to Memorandum
September 24, 1999	Cash	(50)	10	-	Transfer to Lexicon Private Ltd
December 26, 2005	Cash	150,000	10	10	Further Allotment
November 25, 2006	Bonus	120,040	10	0	Bonus Issue
	Sub Total (B)	**270,090**			
% of Pre Issue paid up equity share capital 0.17%					
% of Post Issue paid up equity share capital 0.12%					
Lexicon Private Limited (C)					
September 24, 1999	Cash	50	10	10	Transfer from Mr. Ramaswamy Kuchana
March 17, 2001	Cash	998,100	10	10	Transfer from Pavan Kumar Kuchana
March 17, 2001	Cash	216,400	10	10	Transfer from IBSS Inc
December 26, 2005	Other than cash	1,385,608	10	10	Allotted for acquisition of IBSS Inc
November 25, 2006	Bonus	2,080,126	10	0	Bonus Issue
May 02, 2007	Cash	189,643	10	78.40	Allotment

May 02, 2007	Other than cash	4,376,008	10	78.40	Allotted for acquisition of Dataformix Business Acquisition
	Sub Total (C)	**92,45,935**			
% of Pre Issue paid up equity share capital 56.54%					
% of Post Issue paid up equity share capital 42.31%					
Grand Total (A+B+C) = 1,00,24,993 (61.31% of Pre- Issue Capital)					

None of the Equity Shares held by our Promoters have been pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, or creditor/lender.

5. ***Promoters' Contribution and locked-in for three years:***

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by the Promoters for a period of (3) three years from the date of Allotment. Equity Shares of our Company held by Lexicon Private Limited 43,76,008 shares are eligible for Promoters contribution and which are held in physical form.

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations, and in terms of the aforementioned table of Promoters share capital build- up, the below mentioned Equity Shares, held by our Promoters, shall be locked in for a period of three (3) years from the date of Allotment as per sub-regulation (a) of Regulation 36 of SEBI ICDR Regulations:

Name of the Promoter	Date of Allotment /Transfer	Nature of Allotment/ Transfer	Nature of payment or consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Paid Up Capital
Lexicon Private Limited	May 02, 2007	43,76,008	Allotted for Acquisition of Dataformix Business Acquisition	43,76,008	10	78.40	20.02
Total				**43,76,008**			**20.02**

We confirm that specific written consent has been obtained from our Promoters, whose Equity Shares form part of Promoters' contribution, to lock-in their Equity Shares for a period of (3) three years to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up capital of our Company.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI ICDR Regulations. All the Equity Shares which are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations.

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for (3) three years does not consist of:

- equity shares acquired in past three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction;

- equity shares resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution during the period of last three years;

- equity shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue;

- equity shares allotted to Promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, post conversion of partnership firms;

- private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary

- equity shares pledged with any creditor.

Further, our Company has not been formed by the conversion of a partnership firm into a company. Our Promoters have undertaken that the Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed, sold or transferred by our Promoters during the period starting from the date of filing of this Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period. The share certificate for Equity Shares in physical form, which is subject to lock-in, shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges prior to listing of the Equity Shares.

6. ***Details of Equity Shares locked in for one year***

In terms of Regulation 37 of the SEBI ICDR Regulations, other than the above Equity Shares that are locked in for a period of three (3) years i.e. 43,76,008 equity shares, the entire pre-Issue Equity Share Capital of our Company would be locked-in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue i.e. 1,19,76,099 equity shares.

Note: - The Company has granted 1,40,000 Equity shares of the Company under ESOP scheme 2006. The equity shares allotted pursuant to exercise of the options granted shall not be under lock-in. For details of ESOP scheme 2006 please refer page no 34.

7. ***Other requirements in respect of lock-in***

As per Regulation 39 read with Regulation 36 (b) of the SEBI ICDR Regulations, the locked in Equity Shares held by our Promoters, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if any Equity Shares are locked in as minimum Promoters' contribution under Regulation 39(a) of the SEBI ICDR Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters locked-in as per Regulation 36 may be transferred to another Promoter or any person of the Promoter Group or to new promoter or a person in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

As per Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than Promoters and locked-in as per Regulation 37 of the SEBI ICDR Regulations may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

8. ***Pre and Post issue shareholding pattern of our Company is set out below: -***

The details of the Pre and Post issue shareholding of our company:

(Face Value of Equity shares of Rs. 10/- each)

Name of the Shareholders	Pre-Issue Equity Capital		Post – Issue Equity Capital	
	Number of Equity Shares	**Percentage (%)**	**Number of Equity Shares**	**Percentage (%)**
Promoters				
Mr. Pavan Kumar Kuchana	5,08,968	3.11	5,08,968	2.33
Mr. Ramaswamy Kuchana	2,70,090	1.65	2,70,090	1.24
Lexicon Private Limited	92,45,935	56.54	92,45,935	42.31
Total Holding of the Promoters	**100,24,993**	**61.31**	**100,24,993**	**45.88**
Promoter Group				
Mr. Kamal Kumar Kuchana	318,024	1.95	318,024	1.46
Mr. Mani Kumar Kuchana	8,900	0.05	8,900	0.04
Mrs. Durga Devi Kuchana	100	0.00	100	0.00
Mrs. Bhagyalakshmi Kuchana	90	0.00	90	0.00
Total Holding of the Promoter Group	**327,114**	**2.00**	**327,114**	**1.50**
Total Holding of the Promoter and Promoter Group	**1,03,52,107**	**63.31**	**1,03,52,107**	**47.37**
Non-Institutions				
Bodies Corporate	47,63,750	29.13	47,63,750	29.13
Individual shareholders holding nominal share capital upto Rs. 1 lakh.	36,250	0.22	36,250	0.22
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	12,00,000	7.34	12,00,000	7.34
Total share holding of the Non - Promoter	60,00,000	36.69	60,00,000	27.46
Initial Public Offering (IPO)	-	-	55,00,000	25.17
Total Shareholding	**1,63,52,107**	**100.00**	**2,18,52,107**	**100.00**

9. No Equity Shares have been issued pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.

10. Our Company has not revalued its assets since inception and we have not issued any shares out of Revaluation Reserves.

11. Our Company has not allotted any Equity Shares during preceding one year from the date of the DRHP, which may be lower than the Issue Price.

12. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency

for acquisitions or participation in such joint ventures. We may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant regulations etc.

13. During the past six months, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in promoter group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI ICDR Regulations or the Directors of the Company.

14. There are no financing arrangements, directly or indirectly, whereby the Promoters, their relatives, their group companies or associates, Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase of Equity Shares of our company by any other person during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

15. There is no transaction of purchase and sale of securities by our Promoters, their relatives and associates or the Promoter Group (as defined under sub-clause (zb) sub-regulation(1), Regulation 2 of the SEBI ICDR Regulations or the Directors of the Company, during a period of six months preceding the date of this DRHP.

16. Our Shareholding pattern as of the date of this Draft Red Herring Prospectus

A. The following table presents the shareholding pattern of our Company as on December 25, 2010

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentag e
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	6	1106172	-	6.76	6.76	-	-
(b)	Central Government/ State Government(s)	-		-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-		-	-	-	-
	Sub Total(A)(1)	**6**	**1106172**	**-**	**6.76**	**6.76**	-	-
2	**Foreign**							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
b	Bodies Corporate	1	9245935	-	56.54	56.54	-	-
c	Institutions	-	-	-	-	-	-	-
d	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	**1**	**9245935**	**-**	**56.54**	**56.54**	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**7**	**10352107**	**-**	**63.31**	**63.31**	-	-
(B)	**Public shareholding**							

1	**Institutions**	-	-	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	0	0	0	0	0	0	0
B 2	**Non-institutions**	-	-	-	-	-		
(a)	Bodies Corporate	3	4763750	-	29.13	29.13	-	-
(b)	Individuals	-	-	-	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	12	36250	-	0.22	0.22	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	11	1200000	-	7.34	7.34	-	-
(c)	Any Other (specify)			-				
	Sub-Total (B)(2)	**26**	**6000000**	-	**36.69**	**36.69**	-	-
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**26**	**6000000**	-	**36.69**	**36.69**	-	-
	TOTAL (A)+(B)	**33**	**16352107**	-	**100.00**	**100.00**	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**33**	**16352107**	-	**100.00**	**100.00**	-	-

17. **Top Ten Shareholders**

The particulars of top ten shareholders of the Company and the number of Equity Shares held by them are as under:

a) Top ten shareholders as on the date of filing of this DRHP

Sr. No	Name of the Shareholder	No. of shares	% (Pre Issue)
1.	Lexicon Private Limited	9245935	56.54
2.	Verisoft Business Solutions Pvt. Ltd	2263750	13.84
3.	Sparrow Hill Advisory Private Limited	2250000	13.76
4.	Dinesh Kumar Singhi	1000000	6.12
5.	Pavan Kumar Kuchana	508968	3.11
6.	Kamal Kumar Kuchana	318024	1.94
7.	Ramaswamy Kuchana	270090	1.65
8.	Software Labs Private Limited	250000	1.53
9.	Avani Gudimalla	50000	0.31
10.	K Lakshmi	40000	0.24
	Total	**16196767**	**99.04**

ii) Top ten shareholders as on 10 days prior to the date of filing of this DRHP

Sr. No	Name of the Shareholder	No. of shares	% (Pre Issue)
1.	Lexicon Private Limited	9245935	56.54
2.	Verisoft Business Solutions Pvt. Ltd	2263750	13.84
3.	Sparrow Hill Advisory Private Limited	2250000	13.76
4.	Dinesh Kumar Singhi	1000000	6.12
5.	Pavan Kumar Kuchana	508968	3.11
6.	Kamal Kumar Kuchana	318024	1.94
7.	Ramaswamy Kuchana	270090	1.65
8.	Software Labs Private Limited	250000	1.53
9.	Avani Gudimalla	50000	0.31
10.	K Lakshmi	40000	0.24
	Total	**16196767**	**99.04**

iii) Top shareholders as on two years prior to the date of filing of this DRHP

Sr. No	Name of the Shareholder	No. of shares	% (Pre Issue)
1.	Lexicon Private Limited	9245935	81.45
2.	Dinesh Kumar Singhi	1000000	8.81
3.	Pavan Kumar Kuchana	508968	4.48
4.	Kamal Kumar Kuchana	318024	2.80
5.	Ramaswamy Kuchana	270090	2.38
6.	Mani Kumar Kuchana	8900	0.08
7.	Durga Devi Kuchana	100	0.00
8.	Bhagyalaxmi Kuchana	90	0.00
	Total	**11352107**	**100.00**

18. Our Company, our Promoters, our Directors, our Promoter Group and the Book Running Lead Manager have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

19. None of our Directors , Key Managerial Personnel hold any Equity Shares in the Company as on date of this Draft Red Herring Prospectus, except as stated below:

Sr. No	Name of the Shareholder	No. of shares	% (Pre Issue)
	Directors		
1.	• Pavan Kumar Kuchana	508968	3.11
2.	• Ramaswamy Kuchana	270090	1.65
	Key Managerial Person		
	• NIL		

20. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made.

21. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.

22. The securities which are subject to lock-in shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall be provided to the Stock Exchanges where the shares are to be listed, before listing of the securities.

23. In the case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including 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 a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

24. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. For further details, see 'Issue Structure' beginning on page 176 of this Draft Red Herring Prospectus.

25. As on date, our Company has not raised any bridge loan against the proceeds of the Issue.

26. As of the date of this DRHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.

27. 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 to be issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.

28. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.

29. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

30. The total number of members of our Company as on the date of filing DRHP is 33.

31. Our promoters and members of the promoter group will not participate in this issue.

32. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.

33. We confirm that our BRLM, PNBISL does not hold any shares in our Company.

34. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.

35. A bidder cannot make a bid for more than the number of Equity Shares offered through the offer subject to the maximum limit of investment prescribed under relevant laws applicable to each category of bidder.

36. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the listing of our Equity Shares on the Stock Exchanges shall be reported to the Stock Exchanges within twenty four (24) hours of such transaction.

37. None of our sundry debtors is related to our Promoters or our Directors.

38. As per the existing policies, OCBs are not permitted to participate in the Issue. Sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.

39. We have availed financial facilities from IDBI Bank and in respect of the agreements entered into by our Company with IDBI Bank and sanction letters issued by IDBI Bank to us; we are bound by certain restrictive covenants, including those in relation to our capital structure. For further details on the restrictive covenants contained in the financing documents, please refer to chapter titled "*Financial Indebtedness*" beginning on page 147 of this Draft Red Herring Prospectus.

40. **Employee Stock Option Plans / Schemes**

IBSS TECHNO-PARK – EMPLOYEES STOCK OPTION PLAN 2006. ("ESOP 2006)

The Company instituted ESOP 2006 pursuant to a special resolution passed at general meeting of members of the Company held on October 25th 2006. The main purposes of ESOP 2006 are:

i. to provide an incentive to attract, retain and reward Employees performing services for the Company by motivating such Employees to contribute, to the growth and profitability of the Company.

ii. the Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come.

The total number of shares (which mean Equity Shares of the Company and securities convertible into Equity Shares) that may be issued under ESOP 2006 are 8,00,000 Equity Shares. The ESOP 2006 came into effect on November 20th 2006 and is valid till (i) its termination by the Board or (ii) the date on which all of the options available for issuance under the IBSS ESOP 2006 have been issued and exercised. The ESOP 2006 was implemented by the Board of Directors and the Compensation Committee. Unless otherwise specified, the vested options were to be exercised prior to the expiry of 36 months from the date of vesting. A total number of 8,00,000 Equity Shares were earmarked under the ESOP Plan 2006 as stock options. The following table sets forth the particulars of the options granted and the Equity Shares allotted under the ESOP Plan 2006:-

Particulars	Detail
Options Granted	2,78,000
Date of grant	25th October 2006
Exercise price of options (in Rs.)	Rs.60/-
Options Exercised	Nil
Total number of Equity shares that would arise as a result of full exercise of options already granted	2,78,000
Options vested	1,37,750
Options to be vested	1,08,000
Options lapsed	32,250

Variation in terms of options	Nil
Money realized by exercise of options (in Rs.)	Nil
Options outstanding (in force)	5,23,750
Person wise details of options granted to	
1. Directors and Key Managerial Employees	Directors – Nil Key Managerial Employees = 1,40,000
2. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year.	Nil
3. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS on a pre-issue basis (30.06.2010)	3.66
Fully diluted EPS on a pre-issue basis Annualised	14.67
Difference between employees compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognized if the Company has used fair value of options and impact of this difference on profits and EPS of the Company.	As prescribed by the Guidance Note on Accounting for Employee Share- based Payments issued by Institute of Chartered Accountants of India and related interpretations, the Company applies the intrinsic value method of accounting to account for stock options issued to the employees of the Company. The excess of the intrinsic value of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised over the vesting period. The intrinsic value determined by the Compensation Committee was Rs 71.68 per share and the exercise price per option was Rs. 60 each.
Vesting schedule	25% of Granted shares of every year from the first date of vesting 04.05.2008 or subsequent date which ever is later resulting in 100% vesting over a period of 4 years from the first date of vesting.
Lock-in	Nil
Impacts on profits of the last three years	None of the Options have been exercised so far, impact on profits is nil.
Intention of the holders of Equity Shares arising out of ESOP 2006 within three months after the listing of Equity shares by Directors, senior managerial personnel and employees having Equity Shares amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil

Details regarding options granted to Directors and key managerial personnel are set forth below:

Name of Director/ Key Managerial Personnel	Total No. of Options granted under ESOP 2006	No. of options exercised under ESOP 2006	Total No. of options outstanding under ESOP 2006	No. of Equity Shares held
Mr. V K Prasada Rao	40,000	Nil	40,000	Nil
Mr. Ravi Kusam	32,000	Nil	32,000	Nil
Mr. Kishore Gudimala	40,000	Nil	40,000	Nil
Mr.Vinod Babu Bollikonda	28,000	Nil	28,000	Nil

SECTION V – OBJECTS OF THE ISSUE

Objects of the Issue

The Objects of the Issue are to provide funding for the following:

1. Capital expenditure for setting up a new software development center at Hyderabad.
2. Capital expenditure for setting up a new software development center at Warangal.
3. Acquisitions and Other Strategic Initiatives.
4. Financing the incremental working capital requirements.
5. General Corporate Purpose.
6. To meet the issue expenses.

- Our Company believes that the listing of our Equity Shares will enhance our Company's brand name further and create a public market for its Equity Shares in India.

- The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association enable our Company to undertake the existing activities and the activities for which the funds are being raised through the present public issue. Further, we confirm that the activities carried out until now are in accordance with the object clause of the Memorandum of Association of our Company.

- We intend to utilize the proceeds of the Issue, after deducting the Company's share of the underwriting fees, issue management fees, selling commissions and other expenses associated with the Issue (the "**Net Proceeds**"), to meet the aforementioned Objects.

Requirement of Funds and Schedule of Deployment of Funds

The details of the utilization of proceeds of the Issue are as per the table set forth below:

(Rs in lakhs)

S. No	Particulars	Total fund requirement	Estimated Deployment of Funds in Fiscal 2011	Estimated Deployment of Funds in Fiscal 2012
1.	Setting up new development center at Hyderabad	914.83	914.83	-
2.	Setting up new development center at Warangal	865.64	350.00	515.64
3.	Acquisitions and Other Strategic Initiatives	2000.00	2000.00	-
4.	Financing Incremental Working Capital	1180.00	-	1180.00
5.	General Corporate Purpose **	[•]	[•]	[•]
6.	Public Issue Expenses **	[•]	[•]	[•]
	Total	[•]		

*** will be incorporated at the time of filing of Prospectus*

Means of Finance

The aforementioned objects are proposed to be financed as follows:

(Rs in lakhs)

Particulars	Amount
Public Issue of Equity Shares	[•]
Internal Accrual	[•]
Total	[•]

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

Means of Finance

The aforementioned fund requirement will be met entirely from the proceeds of this Issue. We shall recoup the expenses incurred up to the listing of the Equity Shares from the Issue Proceeds.

In case of shortfall, if any, we may explore other sources of funds including internal accruals arising from our future operations and/or debt. In case of any variations in the actual utilization of funds earmarked for the objects mentioned above or in case of increased fund requirements for a particular object, the shortfall, if any, may be financed by surplus funds, if any, available for other objects and/or our Company's internal accruals and/or working capital loans that may be availed from the banks/financial institutions, to the extent of such shortfall. Any surplus from the proceeds of the Issue after meeting the primary objects mentioned above, if any, will be used for our general corporate purposes.

We operate in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that we may pursue including any potential acquisition opportunities. Consequently our fund requirements may also change, which may include rescheduling or re-working of our expansion/ investments. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management / Board. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays; and changes in management's views of the desirability of current plans, among others.

Since the entire fund requirement will be met fully from the proceeds of this Issue, there is no requirement for any other firm arrangements of finance. Thus we are in compliance with the Regulation 4(2) (g) of the SEBI ICDR Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, as the same does not apply to us.

Details of Objects of the Issue

1. **Setting up new development center at Hyderabad**

We currently conduct our operations in India from a leased premise situated at Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India. In view of our expansion program, we expect that our employee strength would be increased to 200 by 2011-2012.

We propose to take on lease approx 20,000 sq. ft. area for setting up an office premises with an additional seating capacity of 200 resources. For this we are in discussions with SEZs primarily in Hyderabad. The proposed facility will strategically bring in economies of expansion as well as tax benefits and de-risk our presence. We are in negotiations with SEZ developers and upon finalization, would be entering into a Memorandum of Understanding (MOU) with the said SEZ for a long term lease and there after initiate action for obtaining necessary licenses / approvals from the competent authorities for setting up the new development center. We do not foresee any difficulty in getting the lease premises looking at the current abundant supply of office space in Hyderabad.

The following benefits will be available to us for conducting business in SEZ:

- 15 year corporate tax holiday on export profit- 100% for 5 years, 50% for the next five years and upto 50% for the balance 5 years equivalent to profits ploughed back for investment.
- Allowed to carry forward losses

- Exemption from minimum alternate tax under Section 115JB of the Income Tax Act.
- Exemption from custom duty on import of capital goods
- Exemption from payment of Central Sales Tax
- Exemption from payment of Service Tax on the services provided
- The services that are provided outside the SEZ (i.e., in DTA) and which is purchased by the Unit (situated in the SEZ) is eligible for deduction and such services would be deemed to be exports.
- The SEZ unit is permitted to realise and repatriate to India the full export value of services or software within a period of twelve months from the date of export.
- "Write- off" of unrealised export bills is permitted up to an annual limit of 5% of their average annual realization.

Based on our prior experience and quotations received from architects the estimated costs involved in setting up a new development center at Hyderabad is as follows: -

(Rs in lakhs)

Sr. No.	Particulars	Amount
A	Lease rent deposit	107.50
B	Interior and furnishing cost	416.15
C	IT Infrastructure and other equipment Cost	357.13
D	Other supporting Infrastructure facility	34.05
	Total	**914.83**

The above estimates are based on the quotations received from various suppliers as provided in the table below:

A. Lease Rent Deposit

It is proposed to take office premises on lease basis. The details of the same are as follows

Sr. No	Particular	Details
1	Location	**One of the SEZ area around Hyderabad**
2	Area	20,000 Sq.ft*
3	Lease Rent Deposit	107.50 Lacs **

* The entire space of 20,000 sq. ft will be obtained in June 2011.

** Based on our prior experience and the rent for the proposed unfurnished office premises is estimated at Rs. 50.00 per sq. ft per month. Pursuant to take unfurnished office premises on lease, our Company would be required to place an upfront interest-free deposit of 10 months rent. The outlay on rent deposit is estimated is Rs. 100.00 Lakhs (20,000 x 10 x Rs.50.00). In addition there will be electricity deposit of Rs. 7.5 Lacs.

B. Interior and furnishing cost: -

(Rs in Lakhs)

S No	Item Description	Name of the Supplier	Date of Quotations	Amount
1	Furnishing Interiors	EPS Designs India Pvt Ltd	17.12.2010	250.40
2	Electrical Equipment	EPS Designs India Pvt Ltd	17.12.2010	85.44
3	Air Conditioning and Power backup	Global Aircon	17.12.2010	80.31
Total				**416.15**

C. IT Infrastructure: -

(Rs in Lakhs)

S No	Item Description	Name of the Supplier	Date of Quotations	Amount
1	Data Components	Sunnet Solutions Pvt Ltd	15.12.2010	4.12
2	Hardware	Sunnet Solutions Pvt Ltd	15.12.2010	142.94
3	Software	Sunnet Solutions Pvt Ltd	15.12.2010	57.06
4	Software	Choice Solutions Limited	15.12.2010	115.12
5	Servers and Support H/W	Reliance Communication	15.12.2010	37.89
Sub Total				**357.13**

D. Other Supporting Infrastructure facility

(Rs in Lakhs)

Sr No	Item Description	Name of Supplier	Date of Quotations	Amount
(i)	Antivirus and other Software	Tvisha Technologies Pvt Ltd	16.12.2010	34.05
Total				**34.05**

II. Setting up new software development center at Warangal

We are planning to establish an additional software development centre at Warangal a tier-2 city in Andhra Pradesh, in order to minimize the operational cost. The total cost estimated for the project is Rs 865.64 lacs. The break-up of the total cost for Setting up new software development center at Warangal are as under:

(Rs in Lakhs)

Sr. No.	Particulars	Amount
A	Land and Other incidental expenses	150.00
B	Building & Civil works	200.00
C	Interior and furnishing cost	253.01
D	IT Infrastructure and other equipment Cost	241.78
E	Other supporting Infrastructure facilities	20.85
	Total	**865.64**

The above estimates are based on the quotations received from various suppliers as provided in the table below:

A. Land and Other incidental charges

We are planning to buy 5 acres of land from any of the approved SEZ areas at Warangal at an estimated cost of Rs. 150.00 Lacs (5 acres @ Rs. 30.00 Lacs per acre).

B. Building & Civil works

Sr no	Item Description	Name of the Supplier	Date of Quotations	Amount Rs. in Lacs
A	Building & Civil works	V.R. Associates, Architects & Engineers	Letter of intent dated December 20, 2010	200.00 *

*The civil work covers supply and installation of items as per the tendered bill of quantities for 25,000 Sq. ft of built-up area. This will seat about 250 people besides areas for the reception, meeting rooms and rest rooms. The total cost of construction per sq ft will be Rs. 800/- which totals to Rs. 200 Lakhs. (25,000 sq ft x Rs.800).

C. Interior and furnishing cost.

(Rs in Lakhs)

Sr No	Item Description	Name of the Supplier	Date of Quotations	Amount
A	Furnishing Interiors	EPS Designs India Pvt Ltd	17.12.2010	152.81
B	Electrical Equipment	EPS Designs India Pvt Ltd	17.12.2010	60.04
C	Air conditioning and Power backup	Global Aircom e-power services	17.12.2010	40.15
		Total		**253.01**

D. IT Infrastructure

(Rs in Lakhs)

Sr. no	Item Description	Name of the Supplier	Date of Quotations	Amount
A	Data Components	Sunnet Solutions Pvt Ltd	15.12.2010	3.00
B	Hardware	Sunnet Solutions Pvt Ltd	15.12.2010	88.08
C	Software	Sunnet Solutions Pvt Ltd	15.12.2010	34.32
D	Software	Choice Solutions Limited	15.12.2010	78.49
E	Servers and Support H/W	Reliance Communication	15.12.2010	37.89
Sub Total				**241.78**

E. Other supporting Infrastructure facilities

(Rs in Lakhs)

Sr no	Item Description	Name of the Supplier	Date of Quotations	Amount
(i)	Antivirus and other Software	Tvisha Technologies Pvt Ltd	16.12.2010	20.85
Total				**20.85**

All the costs to be incurred and material required to be purchased pursuant to this Object may be sourced either through domestic market or be imported. No second hand material is intended to be purchased from the Net-Proceeds. For the above estimates, we have relied upon quotations received from architects and managements estimates banked on prior experience. Since more than one quotation has been sought, we have indicated the lowest of such quotations. We may negotiate further and / or costs may escalate in due course, thus, the actual costs may vary from those mentioned above

III. Acquisitions and Other Strategic Initiatives

Our overall strategy for business growth is envisioned around market penetration and building vertical domain competency in the industries we offer solutions. We intend to execute this strategy both through organic as well as inorganic route. We have in the past, grown its business and operations through both organic and inorganic routes. However, we strongly believe that strategic investments and acquisitions at a right valuation may act as an enabler to growing business and consolidate our position and accelerate our drive to establish ourselves as a prominent IT solutions provider. We continuously evaluate inorganic opportunities based on several factors including:

- Foray into certain geographies/access newer markets with potential to enhance our global positioning,
- augment our service offerings, etc
- Ability to cross sell our services.

- Towards this end, we propose to target companies that:
    - have expertise in the domain we operate in
    - offer strong strategic fit to our existing business(es) or serving connected extensions
    - have new customers that we can serve with our existing capabilities
    - newer technological platform synergies with our domain
    - have new capabilities to serve existing customers
    - have a good client base
    - enhancing our geographical reach
    - has strong management team

Our Company intends to enhance its position as a leading player in providing technology solutions to Wealth management and Telecom industry. However, we have an established acquisition strategy for in-organic growth and the same is consistently followed under the supervision of the Board of Directors. We may also spend a portion of the proceeds of the Issue on expansion of its business instead of financing acquisitions or joint ventures with strategic partners. We continuously monitor, to identify strategic opportunities that would fit with our business. The modalities followed by us in an acquisition are as under:

Pre -Acquisition

- Identifying the target company
- Entering into a Non-Disclosure Agreement with the target company
- A preliminary analysis: Our Company goes through the information pertaining to the target company, which is confidential and it includes its financials and information about its clientele
- Broader terms of valuation are agreed upon subject to due-diligence.
- On the basis of this the Company enters into a Memorandum of Understanding (MOU) with the target Company and then starts the formal due-diligence, which may need hiring specialists and outside agency.
- On satisfactory conclusion of due diligence our Company enters into definitive ‘purchase agreement’ with the target company and the legal formalities are to be complied.

Post-Acquisition

- All employees of Target Company are addressed by our key management.
- All benefits are integrated with our policies.
- Target company Customers are informed by our key management along with the key management of target company
- Key customers are visited by our key management along with target company key management in the first month of acquisition.
- Customers are then shifted to us in a time bound manner
- The back office activities like HR, Finance and accounting of the target company are integrated with us.
- Sales and marketing team of Target Company is integrated with ours.

We, thus, intend to utilise Rs.2000 Lakhs from the proceeds of the Issue towards such acquisitions and strategic initiatives. The above amount is based on the management’s current estimates of the amounts to be utilised towards these objects considering the specifics of our recent acquisitions. The actual deployment of funds would, of course, depend on a number of factors, including the timing of acquisitions, number of acquisitions, the size of the target companies and the nature of strategic initiative. These factors will also determine the form of investment for these acquisition(s) / strategic initiatives, i.e. whether equity, debt or any other instrument, which, as on the date of this Draft Red Herring Prospectus, has not been decided. Any specific acquisition opportunity will be considered based on actual value estimates at that time.

The proceeds allocated towards acquisition may not be the total value of the acquisition or cost toward strategic initiative, but may provide us with enough leverage to enter into binding agreements or contract and we may need further approval from our shareholders for additional funding if required.

In the event that there is a shortfall of funds required for such acquisitions and / or strategic initiatives then, such shortfall shall be met out of the amounts allocated for general corporate purposes and/or through internal accruals. In case the shortfall cannot be met through internal accruals or out of the amounts allocated for general corporate purposes then we shall borrow from the domestic/international market and, if required, the promoters may, at their sole discretion, provide such credit enhancement to the lenders as may be mutually agreed with the lenders. In the event that there is a surplus, such amounts shall be utilised towards other objects or general corporate purposes.

IV. Financing the incremental Working Capital requirements

The Working capital requirement has been calculated on the basis of additional working capital, which will be required after the implementation of part expansion plans of our company. These plans are expected to be completed in Financial Year 2011-2012. We are proposing to meet our net working capital requirements to the extent of Rs. 1180 Lacs, from the proceeds of the Issue. Our proposed Working Capital requirement and funding for the same is given hereunder:

Particulars	Holding period *	Current (2010-2011)	Estimates considering expansion (2011-12)
CURRENT ASSETS (A)			
Raw Material including imported	60 days	17.50	24.50
Work in Progress	30 days	0.00	0.00
Finished Goods	15 days	182.29	255.21
Sundry Debtors	45- 50 days	2187.50	3700.52
Total Current Assets		**2387.29**	**3980.23**
CURRENT LIABILITIES (B)			
Sundry Creditors	30 days	1134.77	1435.55
Other Liabilities		377.76	478.52
Provisions		24.77	36.17
Total Current Liabilities		**1537.29**	**1950.23**
Working Capital Gap (A-B)		**850.00**	**2030.00**
Bank Finance		**850.00**	**850.00**
PROPOSED WORKING CAPITAL TO BE FUNDED FROM THE PROCEEDS OF THE ISSUE		**NIL**	**1180.00**

* The holding period is calculates talking 360 days in a year

The total working capital requirement of Rs. 1180.00 Lacs is proposed to be funded from the proceeds of the Issue. All the above projections are based on management estimates and have not been appraised by any bank or financial institutions.

V. General Corporate Purposes

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

We intend to deploy the balance Issue proceeds aggregating Rs. [●] Lacs, towards the general corporate purposes to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in applying the remaining Net Proceeds, for general corporate purpose including but not restricted to, meeting operating expenses, initial development costs for projects other than the identified projects, partnerships, joint ventures, strategic initiatives and acquisitions and the strengthening of our business development and marketing capabilities, meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

VI. Meeting Issue related Expenses

The Issue related expenses includes, amongst others, lead management fees, underwriting fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, registrar and depositories expenses, SCSB's commission/ fees, fees and expenses of the SEBI registered rating agency for IPO grading and listing fees. The total expenses of the Issue shall be made out of the proceeds of this Issue and is estimated to be approximately Rs. [●] Lakhs. The break-up of the estimated expenses of this Issue is as follows:

(*Amount in Rs. Lakhs*)

Activity	**Total Expenses***	**As a % of Total Issue Expenses***	**As a % of Total Issue Size***
Issue Management Fees (Lead Management, Underwriting and Selling Commission)	**(*)**	**(*)**	**(*)**
Advertisement and Marketing Expenses	**(*)**	**(*)**	**(*)**
Printing, Stationery and Distribution Expenses	**(*)**	**(*)**	**(*)**
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	**(*)**	**(*)**	**(*)**
Total estimated Issue expenses	**(*)**	**(*)**	**(*)**

** will be completed after finalization of the Issue Price*

Pursuant to Regulation 26(7) of the SEBI ICDR Regulations, our Company needs to obtain grading for this IPO from at least one credit rating agency. In this regard we have appointed (*) and the total expenses for IPO Grading are estimated to be Rs. (*) Lakhs, which is (*) % of the Issue size. All expenses related to the Issue, including listing fees and issue management fee, will be borne entirely by our Company.

Deployment of Funds

As per Certificate from our Statutory Auditors, Karumanchi & Associates, Chartered Accountants, dated December 20, 2010, we have incurred an expenditure of Rs. 17.65 Lacs (Rupees Seventy Lacs Sixty Five thousand only) towards the objects of the proposed Initial Public Offering of Taksheel Solutions Limited up to December 19, 2010. The break up of the expenditure incurred till date is given as under:

(Amount Rs. In Lacs)

Particulars	Amount
Issue Expenses	17.65
Total	17.65

Sources of financing of Funds already deployed:

(Amount Rs. In Lacs)

Particulars	Amount
Internal Accruals	17.65
Total	17.65

Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any bank/ financial institution or appraising agency.

Interim Use of Proceeds

Pending utilization of the Issue proceeds for the `Objects of the Issue', we intend to temporarily invest the Issue proceeds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration as permitted under the SEBI ICDR Regulations or we may temporarily utilize the proceeds for reducing our outstanding overdrafts. Such investments and other utilizations would be in accordance with investment policies approved by our Board or any committee thereof duly empowered, from time to time. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the equity markets.

Monitoring of Utilisation of Funds

Our Board will monitor the utilization of the proceeds of the Issue. No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors or Key Managerial Personnel, except in the usual course of business. We will disclose the details of the utilisation of the proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the listing agreement.

Furthermore, pursuant to Clause 49 of the listing agreements with the Stock Exchanges, we shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through this Issue has not been fully spent. This statement shall be certified by the statutory auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter. Our Company shall inform material deviations in the utilization of Issue proceeds to the Stock Exchanges and shall also simultaneously make the material deviations/adverse comments of the Audit Committee public through advertisement in newspapers.

BASIC TERMS OF THE ISSUE

The Equity shares being offered are subject to the provision of the Companies Act, SEBI ICDR Regulations, our Memorandum and Articles of Association, the terms of this offer document, Bid-cum- Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

Terms of Payment

Applications should be for a minimum of [*] equity shares and [*] equity shares thereafter. The entire price of the equity shares of Rs. [*] per share (Rs. 10/- face value + Rs. [*] premium) is payable on application. In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on [*], 2010. The shareholders of our Company authorized and approved this Issue under Section 81(1A) of the Companies Act by a Special Resolution in the Extra-ordinary General Meeting of the Company held on [*], 2010.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this DRHP at a price of Rs. [*] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [*] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriter, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we and every Director of our Company who is an officer in default, shall pay the amount with interest as prescribed under Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received.

BASIS FOR ISSUE PRICE

Investors should read the following summary along with the chapter titled "Risk Factors" and "Financial Statements" beginning on pages xvi and 125 respectively, of this Draft Red Herring Prospectus, to get a more informed view before making the investment decision. The trading price of the Equity Shares of Our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors:

- Client – relationship capital
- Enduring Alliance Partnerships
- Quality Talent and Experienced Leadership Team
- Skilled and well experienced Promoters
- Long standing relationship with customers
- Consistency in maintaining quality and timely delivery

For detailed discussion on the qualitative factors which form the basis for computing the price, please refer the chapter titled "Our Business" beginning on page 78 of this Draft Red Herring Prospectus.

Quantitative Factors

The information presented in this section for the years ended March 31, 2008, 2009, 2010 and quarter ended June 30, 2010, is derived from our standalone audited restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. For details, please refer chapter titled "Financial Statements" beginning on page 125 of this Draft Red Herring Prospectus. As of date of this Draft Red Herring Prospectus, the face value of the Equity Shares of Our Company is Rs. 10 per equity share. Investors should evaluate the Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. (a) Basic Earnings Per Share ("EPS")

Financial Period	Weight	EPS
March 31, 2008	1	13.60
March 31, 2009	2	2.12
March 31, 2010	3	5.84
Weighted Average		**5.89**
Quarter ended June 30, 2010		3.75

(b) Diluted Earnings Per Share ("EPS")

Financial Period	Weight	EPS
March 31, 2008	1	13.42
March 31, 2009	2	2.09
March 31, 2010	3	5.78
Weighted Average		**5.82**
Quarter ended June 30, 2010		3.71

Notes:

- *EPS represents adjusted earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.*
- *The figures which are disclosed above are based on the restated financial information of the company.*
- *The face value of each Equity Share is Rs. 10/-.*
- *The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time-weighting factor.*

2. Price Earnings ratio (P/E ratio) in relation to the Issue Price of Rs [*] per share

Particulars	Issue Price of Rs. [*] per share
Based on March 31, 2010 EPS of Rs.	Rs. [*]
Based on Weighted average EPS of Rs.	Rs. [*]

3. Industry P/E

Particulars	P/E
Highest (Mastek)	116.9
Lowest (Micro Technologies)	3.5
Industry Composite	12.5

(Source: Capital Market, Volume XXV/21, December 13-26, 2010 (Industry – Computers – Software – Medium /Small)

4. Return on Net worth (RONW)

Financial Period	RONW (%)	Weight
March 31, 2008	1	22.40
March 31, 2009	2	4.36
March 31, 2010	3	12.80
Weighted Average		11.57

The average Return on Net Worth has been computed on the basis of the restated profits and loss statement of the respective years. The RONW has been computed by dividing Profit after Tax by Net worth.

5. Minimum return on total Net worth after issue needed to maintain pre-issue EPS for the year ended March 31, 2010 is [*] % (Based on the restated financial statements).

6. Net Asset Value (NAV) per share

As on March 31, 2010	38.64
Pre Issue As on 30th June 2010	42.39
Issue Price	(*)
Post Issue	(*)

Comparison with Industry Peers and Industry average

Name of the Company	Face Value (Rs)	EPS (Rs)	RONW (%)	NAV (Rs.)	P/E
Aurionpro Solutions Limited	10	2.1	1.7	144.20	62.7
GSS America Infotech Limited	10	9.8	12.7	200.2	35.7
Nucleus Software Exports Limited	10	10.3	15.4	71.9	12.7
Taksheel Solutions Limited	10	5.79	12.78	38.72	(*)

(Source: Capital Market, Volume XXV/21, December 13-26, 2010 (Industry – Computers – Software – Medium /Small)

The face value of our Equity Shares is Rs. 10/- and the Issue Price is Rs. [*] **i.e.,** [*] **times of the face value.** The Issue Price of Rs. [*] has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors. The BRLM believe that the Offer Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "***Risk Factors***" and "***Financial Information***" on page xvi and 125 respectively, to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in ***"Risk Factors"*** and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

The Board of Directors
Taksheel Solutions Limited
Lanco Hills Technology Park Private Limited (SEZ)
Survey No.201, Manikonda Village, Rajendra Nagar Mandal,
Hyderabad - 500 089
Andhra Pradesh, India

Re: Statement of possible tax benefits available to Taksheel Solutions Limited and its Shareholders.

We hereby certify that the enclosed annexure, prepared by the Company, details the possible tax benefits/ consequences available to Taksheel Solutions Limited ('the Company') and its Shareholders under the applicable provisions of the Income Tax Act, 1961 and other direct and indirect tax laws presently in force in India. Several of these tax benefits/consequences are dependent on the Company or the Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or the Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. No assurance is given that the revenue authorities will concur with the views expressed herein.

The benefits disclosed in the enclosed annexure are not exhaustive in nature. The enclosed annexure is only intended to provide general information to the Company 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; and
- the conditions prescribed for availing the benefits, where applicable have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the management of the Company which are based on their understanding of the business activities and operations of the Company and our views are based on an interpretation of the current tax laws in force in India which are subject to change from time to time. We do not assume any responsibility to update the views consequent to these changes after the date of this certificate.

The enclosed annexure is intended solely for your information and for inclusion in the Draft Red Herring Prospectus in connection with the proposed issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Karumanchi & Associates
Chartered Accountants

CA K. Peddabbai
Partner

Membership No: 025036
Firm Registration No: 001753S
Peer Review Registration No: 003696
Place: Hyderabad
Date: December 20, 2010

ANNEXURE TO STATEMENT OF TAX BENEFITS

A. Special tax benefits:

Special tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ('the Act')

There are no specific special tax benefits available to the Company or the shareholders of the Company. Tax benefits mentioned in section B below are available to the Company and its shareholders subject to fulfilment of specified conditions.

B. Other tax benefits:

1. *Benefits available to the Company under the Act:*

(i) Deduction for unit registered in Software Technology Park of India ('STPI') under the Act In accordance with and subject to the conditions specified in Section 10A of the Act, a deduction of such profits and gains derived by an undertaking from the export of computer software for a period of ten consecutive assessment years beginning from the previous year in which the undertaking begins to manufacture or produce such computer software shall be allowed from the total income of the Company.

This deduction is available to the undertaking if it satisfies certain conditions which *inter alia* include the following:

i) It is registered under STPI and commenced its operations on or after 01st April 1994.
ii) It is not formed by the splitting up, or the reconstruction, of a business already in existence;
iii) It is not formed by the transfer to a new business of machinery or plant previously used for any purpose. For the purpose of this section, "computer software" means:
a) Any computer programme recorded on any disc, tape, perforated media or other information storage device; or
b) Any customized electronic data or any product or service of similar nature, as may be notified by the Board, which is transmitted or exported from India to any place outside India by any means.

(i) Deduction for unit registered in Special Economic Zone ('SEZ') under the Act:

A company will be eligible for deduction from the profits derived by a unit registered in SEZ on fulfilment of certain conditions specified under section 10AA of the Act. In accordance with the provisions of section 10AA, the unit registered in SEZ is eligible for deduction from profits, if it manufactures or produces articles or things or provides any services during the previous year relevant to any assessment year commencing on or after 1st day of April 2005.

The deduction under section 10AA is as under –

(i) 100% of the profits and gains derived from the export of articles or things or from services for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which the unit begins to manufacture or produce such articles or things, as the case may be and 50% of such profits and gains for further 5 assessment years and thereafter;

(ii) for the next 5 consecutive assessment years, so much of the profit not exceeding 50% of the amount debited to the profit and loss account and credited to the reserve account (to be called as "Special Economic Zone Re-investment Reserve Account") and utilised for the purpose of business of the Company in the manner laid down in the Section 10AA of the Act.

(iii) Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received by the Company is exempt from income-tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein. Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares or units purchased within a period of three months prior to the record date and sold/ transferred within three months (in case of shares) or nine months (in case of units) respectively after such date, will be ignored to the extent dividend income on such shares or units is claimed as tax exempt.

(iv) By virtue of section 10(35) of the Act, the following income shall be exempt in the hands of the company: -

(a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
(b) Income received is respect of units from the Administrator of the specified undertaking; or
(c) Income received in respect of units from the specified company.

Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be. For this purpose:

i. “Administrator” means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

ii. “Specified Company” means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(v) As per the provisions of section 10 (38) of the Act, the long term capital gains (gain arising on transfer of long term capital asset) arising from the transfer of shares or a unit of a equity oriented fund, where the transaction of sale of such share or unit is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08. For this purpose ‘Equity Oriented Fund’ means a fund:

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
(ii) which has been set up under a scheme of Mutual Fund specified under clause (23D) of section 10.

Provided that percentage of equity share holding shall be computed with reference to the annual average of the monthly averages of the opening and closing figures. As per the provisions of section 2(29A) and section 2(42A), shares and units would be considered as long term if they are held for more than 12 months.

(vi) Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and indexed cost of improvement. The indexed cost of acquisition / improvement adjusts the cost of acquisition / improvement by the cost of inflation index, as prescribed from time to time.

(vii) Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered Section 10(38) of the Act) arising on transfer of long term capital assets are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:

a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain.

If the long-term specified asset is transferred or converted into money (otherwise than by transfer, which includes taking loan/ advance on the security of the long term specified asset) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money. However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessee during any financial year, does not exceed fifty lakh rupees.

(viii) As per the provisions of section 111A of the Act the short term capital gains arising from the transfer of equity shares or unit of an equity oriented fund, where the transaction of sale of such share/ unit is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (Plus applicable surcharge). Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such short term capital gains. For the purpose of this section, 'equity oriented fund' shall have meaning as assigned to it in explanation to section 10(38).

(ix) Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains (In case not covered under section 10(38) of the Act), arising on transfer of shares/ units, shall be taxed at a rate of 20% (plus applicable surcharge). The tax shall however, not exceed 10% (plus applicable surcharge) without indexation, if the transfer is made of a listed security.

In case short term capital gain is earned which is not covered by section 111A of the Act, then the income is taxable at the normal corporate rate of 30% (plus applicable surcharge). Where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(x) According to section 115JB of the Act, MAT is applicable to a company if the tax payable by a company on its total income, as computed under the normal provision is less than 18% of its book profits. In computing book profits for MAT purposes, certain positive and negative adjustments must be made to the net profits of the Company. As per section 115 JAA (1A) of the Act, a company is eligible to claim credit for any taxes paid under section 115 JB of the Act against tax liabilities computed under the normal provisions incurred in subsequent years.

MAT credit eligible for carry forward to subsequent years is the difference between MAT paid and the tax computed as per normal provisions of the Act for a financial year. Such MAT credit is allowed to be carried forward for set off up to 10 years succeeding the year in which the MAT credit becomes available.

(xi) Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.

(xii) As per section 74 of the Act, Short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains only.

2. Benefits available to the resident shareholders of the Company under the Act:

(i) Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein. Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.

(ii) As per the provisions of section 10 (38) of the Act any long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax. Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08. As per the provisions of section 2(29A) and section 2(42A), shares would be considered as long term if they are held for more than 12 months.

(iii) Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and indexed cost of improvement. The indexed cost of acquisition / improvement adjusts the cost of acquisition / improvement by the cost of inflation index, as prescribed from time to time.

(iv) Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains (in case not covered Section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax shall however, not exceed 10% (plus applicable surcharge) without indexation.

As per section 112(2) of the Act, where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(v) Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered under Section 10(38) of the Act) arising on transfer of the shares of the Company are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:
a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956
If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. If the long-term specified asset is transferred or converted into money (otherwise than by transfer which includes taking loan/ advance on the security of long term specified assets) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessee during any financial year, does not exceed fifty lakh rupees.

(vi) Under section 54F of the Act, long term capital gains (in case not covered 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilize, within a period of one year before, or within two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:
a) if the individual or Hindu Undivided Family.

i. Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

ii. Purchases another residential house within a period of one year after the date of transfer of the shares; or

iii. Constructs another residential house other than the new house within a period of three years after the date of transfer of the shares; and

b) The income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property"

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the residential house bears to the net consideration shall be exempt.

If the residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

(vii) As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st Day of October, 2004 and such transaction is chargeable to securities transaction tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(viii) Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.

(ix) As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains only.

3. Benefits to Non-resident Indians / Non- resident's shareholders (Other than FIIs) under the Act:

(i) Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax. However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.

(ii) As per the provisions of section 10 (38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08. As per the provisions of section 2(29A) and section 2(42A), shares would be considered as long term if they are held for more than 12 months.

(iii) Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Indian Company acquired in convertible foreign exchange, cost indexation will not be available. The capital gains/loss in such a case will be computed by converting the cost of acquisition, consideration for transfer and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency.

(iv) Under Section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered under section 10(38) of the Act) arising on transfer of long term capital asset are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:

a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. If the long-term specified asset is transferred or converted into money (otherwise than by transfer which includes taking loan/ advance on the security of long term specified assets) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred or converted into money.

However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessee during any financial year, does not exceed fifty lakh rupees.

(v) Under section 54F of the Act, long term capital gains (in case not covered Section 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or within two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

a) If the individual or Hindu Undivided Family.

i. owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

ii. Purchases another residential house within a period of one year after the date of transfer of the shares; or

iii. Constructs another residential house within a period of three years after the date of transfer of the shares; and

b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property"
If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase of construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

(vi) As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st day of October, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A and shall be allowed from the gross total income as reduced by such capital gains.

(vii) Under section 112 of the Act and other relevant provisions of the Act, long term capital gains. (i.e., if shares are held for a period exceeding 12 months) (In case not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge). The tax shall however, not exceed 10% (plus applicable surcharge) without indexation.

As per section 112(2) of the Act, where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(viii) Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.

(ix) A non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) has an option to be governed by the provisions of Chapter XIIA of the Act, viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

a. According to 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 shares in an Indian Company not exempt under section 10 (38), will be subject to tax at the rate of 10 percent (plus applicable education cess and secondary higher education cess) without indexation benefit.

b. Under section 115F of the Act, long term capital gains (in case not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange is exempt from Income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only a part of the net consideration is so invested, the exemption shall be proportionately reduced.

If the specified asset is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital gains" of the year in which the specified asset is transferred or converted.

c. Under Section 115G of the Act, it shall not be necessary for a Non-resident Indian to furnish his return of income if his income chargeable under the act consists on only investment income or long term capital gains or both arising out of specified assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

d. 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 XIIA shall continue to apply to him in relation to such investment income derived from the specified assets mentioned in sub clauses (ii), (iii), (iv) and (v) of clause (f) of Sec 115C for that year and subsequent assessment years until such assets are converted into money.

e. Under section 115I of the Act, a Non-Resident Indian may elect not be governed by the provisions of Chapter XIIA 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.

(x) Under section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to that assessee.

4. Benefits to Foreign Institutional Investors (FIIs) under the Act:

i. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.
ii. As per the provisions of section 10 (38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08.

As per the provisions of section 2(29A) and section 2(42A) shares would be considered as long term if they are held for more than 12 months. iii. As per the provisions of Section 115AD of the Income Tax Act, income (other than income by way of dividends referred to in Section 115 O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to Section 115AB of the Income Tax Act) would be taxed at concessional rates, as follows:

Nature of Income	**Rate of Tax (%)**
Income in respect of securities	20
Long Term Capital Gains (other than the one covered u/s 10(38)	10
Short Term Capital Gains (other than short	30

term capital gain referred to in Section 111A, in which case the rate is 15%)	

The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the Income Tax Act are not available.

iv. As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st day of October, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A and shall be allowed from the gross total income as reduced by such capital gains.

v. Under Section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered section 10(38) of the Act) arising on transfer of a long term capital asset are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 and redeemable after three years by:

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

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain.

If the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

However, the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.

vi. Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.

vii. Under section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this act shall apply to the extent they are more beneficial to that assessee.

5. Benefits to Mutual Funds under the Act:

(i) Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein. Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt

(ii) Under section 10(23D) of the Act, any income of:

a) A Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;

b) Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income-tax.

6. Benefits available to Venture Capital Companies / Funds under the Act:

(i) Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax. However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein. Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt The taxation of the gains on the sale of shares is same as those applicable to non-resident.

7. Benefits available to the shareholders of the Company under the Wealth Tax Act, 1957:

(i) Shares of the company held by the shareholders will not be treated as an asset within the meaning of section 2 (ea) of the Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

8. Benefits available to the shareholders of the Company under the Gift Tax Act, 1958:

(i) Gift made on or after 1st October, 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax. However, from 01 October 2009 the same will be taxed in the hands of the done if it fulfils the conditions entailed in Clause (vii) of subsection (2) of section 56 of the Income Tax Act, 1961

Notes:

1. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

5. In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.

6. The tax benefits listed above are not exhaustive.

SECTION VI –ABOUT THE COMPANY

INDUSTRY OVERVIEW

This is only a summary and does not contain all information that the investors shall consider before investing in Equity Shares of this Company. You should read the entire Draft Red Herring Prospectus, including the information on "Risk Factors" and Financial Statements and related notes on page xvi & 125 of this DRHP before deciding to invest in Equity Shares.

Over the past decade, the Indian IT-BPO sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India. However, the industry performance was affected by these recessionary headwinds as the clients cut their IT budgets, cancelled deals, delayed payments and deals, went bankrupt while others renegotiated pricing, looking for severe pricing cuts and stretching the dollar.

The changing demand outlook, customer conversations and requirements acted as a driver to build in greater efficiencies and flexibility within the service delivery and the business models – one which is here to stay 2009 was also instrumental for more ways than one for the industry. While the industry displayed tenacity and resilience, it also commenced its journey to achieve its aspirations in view of the altered landscape. It commenced working on its agenda to diversify beyond core offerings and markets through new business and pricing models, specialises to provide end-to-end service offerings with deeper penetration across verticals transform the process delivery through re-engineering and enabling technology, innovate through research and development and drive inclusive growth in India by developing targeted solutions for the domestic market. All these measures, along with India's game changing value proposition have helped India widen its leadership position in the global sourcing market. The advent of 2010 has signalled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Key demand indicators in the last two quarters such as increased deal flow, volume growth, stable pricing, and faster decision making has made the industry post good results. Though full recovery is expected in another two quarters, development of new growth levers, improved efficiency and changing demand outlook signifies early signs of recovery.

Global Sourcing Trends

Worldwide technology products and services related spend is estimated to reach USD 1.5 trillion in 2009, a decline of 2.9 per cent over 2008. Worldwide hardware markets were hit worse than software or service markets as a result of the changing economic outlook, with almost 8 per cent decline in 2009 versus 2008. Corporations extended their hardware lifecycle and delayed plans for new hardware acquisitions, also curtailing their discretionary spend. However global corporations leveraged IT to drive organization wide efficiencies, transformation and new business models. While BPO growth moderated on account of lower transaction volumes, overall IT spend was largely driven by a revival in North America and BFSI, along with increased adoption in emerging markets such as APAC and retail/healthcare. A dynamic second half of the year made up for the tepid first half for outsourcing contracts. Recent global M&A activity in the sector indicates stronger services play for global hardware vendors, which will make this segment more competitive for the Indian vendors. Changing customer expectations, emergence of new offshore locations along with new service providers delivering services through the cloud promise to shake up this industry going forward.

Indian IT-BPO Performance

The industry is estimated to aggregate revenues of USD 73.1 billion in FY2010, with the IT software and services industry accounting for USD 63.7 billion of revenues. During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 6.1 per cent in FY2010. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to almost 26 per cent in FY2010.

Exports market: Export revenues are estimated to gross USD 50.1 billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

- **Geographic focus:**

  The year was characterized by a strong revival in the US, which increased its share to 61 per cent. Emerging markets of Asia Pacific also contributed significantly to overall growth.

- **Vertical markets:**

  The industry's vertical market mix is well balanced across several mature and emerging sectors. 2009 saw increased adoption of outsourcing from not only our biggest segment i.e., the Banking, Financial Services and Insurance (BFSI), but also new emerging verticals of retail, healthcare and utilities.

- **Service lines:**

  The IT Services segment aggregated export revenues of USD 27.3 billion, accounting for 55 per cent of total exports. Indian IT service offerings have evolved from application development and maintenance, to emerge as full service players providing testing services, infrastructure services, consulting and system integration. Within that, IT outsourcing exhibited a strong growth, in line with the global trend, driven by increased spend in the remote infrastructure management, application management, testing and SOA segments. Further, cloud computing took centre stage this year, as it offered clients access to best-in-class process management at reduced capital expenditure levels. Even though growth in BPO was single digit for the first time, it still is the fastest growing segment of the industry and is estimated to reach USD 12.4 billion in FY2010, growing at 6 per cent. Increased acceptance of platform BPO solutions was the key highlight, as Indian BPO providers increasingly focused on transforming client businesses through a mix of re-engineering skills, technology enablement, and new service delivery methods. Additionally, the engineering design and products development segments that involve IP driven service capabilities command an exports revenue share of 20 per cent, generating total revenues of USD 10 billion in FY2010, growing by 4.2 per cent.

- **Domestic market:**

  Domestic IT-BPO revenues are expected to grow at almost 8.5 per cent to reach INR 1,088 billion in FY2010. Rise of Indian corporations facing competitive market conditions through an increasingly globalised Indian market, increased spend by the government in several e-Governance initiatives, enhanced connectivity and increased levels of IT spending are key factors, which make the domestic market lucrative today. Coupled with the fact that companies are looking to improve competitiveness by adopting global best practices, leverage customized service offerings and new delivery models such as SaaS, which ensures greater cost savings. Domestic IT services is expected to grow by 12 per cent in FY2010. While hardware spend is largely expected to remain flat in FY2010, an imminent hardware refresh cycle will positively impact revenues next year. The domestic BPO segment has continued its strong performances over the past few years, growing by 22 per cent over FY2009, to reach INR 108 billion, driven by large deals in the telecom and BFSI space.

Indian IT-BPO Value Proposition

Availability of quality talent at cost effective rates, rapidly developing infrastructure, an enabling innovation environment, supportive regulatory policies, and a positive overall business environment — are all central pillars of India's value proposition

- **Low cost of delivery**- India offers the lowest cost of delivery as compared to other offshore locations, with Tier-I locations offering savings of ~70 per cent over source locations, Tier-II/III cities in India offer a still larger benefit.

- **High caliber talent pool**- Availability of skilled talent has been India's foremost attraction as a global sourcing country. India's graduate outturn has more than doubled in the past decade, with addition of 3.7 million graduates in FY2010, a scale unmatched by any other country. While some gaps in talent suitability exist, they are being addressed through strong provider-level initiatives and industry-led programmes.

- **Robust process delivery**- The industry has been extremely quality focused, with India based centres accounting for the largest number of quality certifications achieved by any country. The industry has also set standards in the establishment and maintenance of best practices in corporate governance, and leads in customer satisfaction.

- **Business environment and infrastructure**- Timely government policies and increased public private participation have played a key role in developing an enabling business environment for the Indian IT-BPO sector. India's strong education framework ensured ample supply of technical and non technical talent, while the establishment of Software Technology Parks of India (STPI) and later SEZs provided an enabling ecosystem for the industry to flourish. Infrastructure development has been addressed by both public and private sector, leading to the development of world class facilities in select cities.

- **Growing Indian market**- India has become, in purchasing power parity terms, the fourth largest economy in the world. India's economic growth since 1980 has been rapid. Real average household income has roughly doubled since 1985. With rising incomes, household consumption has soared and a new middle class has emerged. It is expected that India will go through a major transformation over the next decade and emerge as the fifth largest consumer market provided it continues its high growth path.

- Transformational capabilities- The industry has been enhancing its abilities to transform client businesses through increased R&D spend, focus on IP creation, development of new technologies incorporating process and business model innovation and increased domain expertise.

- **Global footprint**- Increased focus on global delivery has required the industry to enhance its global footprint, which has in turn helped the industry reach out to new customer segments and offer new services. Over the last two years, there has been a 32 per cent increase in the number of global delivery centres with outreach expanding to 12 new countries.

- **Focus on sustainable growth**- Going green has become the motto of the industry as it seeks to develop a business model that is not only competitive but sustainable with minimum ecological impact.

Impact of IT-BPO Sector on India

The impact of the IT-BPO sector is multi-pronged as elucidated below:

- **Contribution to India's economy**- In addition to a high contribution to the country's GDP and share of exports, the industry and employees contribute about USD 4.2 billion to the exchequer. Additionally, the downstream effect of the industry's operating and capital expenditure was estimated to be around USD 30 billion, while consumer spending effect from its employees amounted to USD 21 billion in FY2009.

- **Enabling regional development-** Also, the industry has played a key role in regional development with IT-BPO intensive states accounting for over 14 per cent of respective state GDPs, with 58 per cent of engineering graduates, and 62 per cent of engineering colleges. IT-BPO intensive states have 100 per cent higher broadband penetration and 50 per cent higher tele-density than the India average, and also account for 75 per cent of SEZs.

- **Empowering diverse human assets-** The industry has played its part in empowering a diverse set of human assets – 30 per cent of employment in the age group 18-25 yrs, 4 per cent of employment for economically backward people, over 30 per cent of total employee base are women, 60 per cent of companies offer employment to differently-abled people, while 58 per cent of total employment are originally from Tier-II/III cities.

- **Enabling environment for innovation-** The industry has been at the forefront of creating an enabling environment for innovation, with a 29 fold increase in patents over FY2005-FY2008, and average R&D spend of ~1 per cent of revenues.
- Enhancing the brand image of India- The industry has played a key role in enhancing the brand image of India, by accounting for over 10 per cent of total FDI in the last decade, over 200 cross border acquisitions between FY2005-FY2009, and establishment of over 900 MNC captives in the last decade.

- Facilitating social development- The industry has imbibed a strong sense of social responsibility with over USD 50 million spent in FY2009 towards CSR activities mainly focused on education, health awareness and ecological development.

- **Future Outlook**

The beginning of the new decade heralds the slow, but steady end of the worst recession in the past 60 years. Global GDP, after declining by 1.1 per cent in 2009, is expected to increase by 3.1 per cent in 2010, and 4.2 per cent in 2011, with developing economies growing thrice as fast as the developed economies. Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

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

Government IT spending continues to rise across the world, focusing on infrastructure, and security. Other areas of spending include BPM, data management, on demand ERP, virtualisation, and efforts to increase and deliver enterprise managed services on IP networks. Business process outsourcing spending in 2010 is expected to be increasingly driven by F&A segment and procurement, followed by HR outsourcing. Providers will increase their focus on developing platform BPO solutions across verticals and services.

2010 is also expected to be an IT hardware refresh year with Windows 7 driving the replacement cycle, albeit in a highly cost constrained environment. Lower configured systems, lower ASPs, virtualization and consolidation will mean that the increase in replacement demand will not necessarily be reflected in increased levels of spend.

Growth in outsourcing is expected to supersede overall IT spend reaffirming its potential to not only support short term, tactical goals of cost savings, but also long term advantages of increased competitiveness, efficiencies and access to emerging markets. Within outsourcing, off shoring will see increased acceptance as offshore based providers grow and traditional service provider's ramp up offshore delivery capabilities.

Even though India has a 51 per cent market share of the off shoring market, there is tremendous headroom for growth as current off shoring market is still a small part of the outsourcing industry. Significant opportunities exist in core vertical and geographic segments of BFSI and US, and emerging geographies and vertical markets such as Asia Pacific, retail, healthcare and government respectively. Development of these new opportunities can triple the current addressable market, and can lead to Indian IT-BPO revenues of USD 225 billion by 2020. The industry also has the potential to transform India by harnessing technology for inclusive growth.

However, realisation of this potential will involve mitigation of several challenges that India faces currently. Costs are expected to rise with wage inflation and increased attrition. While India has ample supply of talent, it is largely trainable in nature, not employable. This leads to incremental training costs and increased downtime for the industry, which is challenging keeping in mind quality talent availability in competing countries. Currently, over 90 per cent of total revenues are generated from the seven Tier-I locations, which are nearing peak capacities in terms of infrastructure support. India has to quickly develop other delivery locations to achieve its 2020 vision. There are concerns around security – both physical and data related, in service delivery, which would need to be addressed. Currency fluctuations have also dented India's competitiveness, and steps need to be taken to address India's increased risk perception. A key impact of the recession has been the rise of protectionist sentiments in major markets for the industry. The impending discontinuation of fiscal incentives and frequent changes in fiscal regulations are making the business environment more challenging. Last but not the least, a number of new outsourcing destinations seeking to emulate India's success have emerged, offering multiple fiscal and training incentives, making them cost competitive.

Concerted action by all stakeholders around below parameters is required to capture the opportunities and mitigate future risks. In doing so, stakeholders (industry, NASSCOM and the government) will need to act together in an unprecedented manner:

- **Catalysing growth beyond today's core markets:** Breaking ground in new markets (verticals, geographies, segments) through reinvented offerings and business models.

- **Establishing India as a trusted global hub for professional services:** Building a conducive business environment (improved infrastructure, public services, corporate governance, and security) and a strong global image. This will require the stakeholders to address risk issues associated with India, and make serious efforts to build a strong global brand.

- **Harnessing ICT for inclusive growth:** Stimulating inclusion of citizens by enabling technology-led solutions in healthcare, financial services, education and public services, leading to increased connectivity, improved soft infrastructure, and a balanced regional development.

- **Developing a high calibre talent pool:** Bridging a crucial talent gap by addressing gaps in tertiary education, at the same time fuelling efforts to upgrade curriculum, faculty and training methodologies.

- **Building a pre-eminent innovation hub in India:** Encouraging intellectual property, establishing distinctive capabilities and fuelling entrepreneurship.

India's technology and business services industry has flourished in the last decade. A bright future lies ahead and the industry has much to look forward to, with the potential to quadruple its revenues over the next decade. Several macro-economic and social trends will support the rise of the IT-BPO sector in the future, in core and emerging markets.

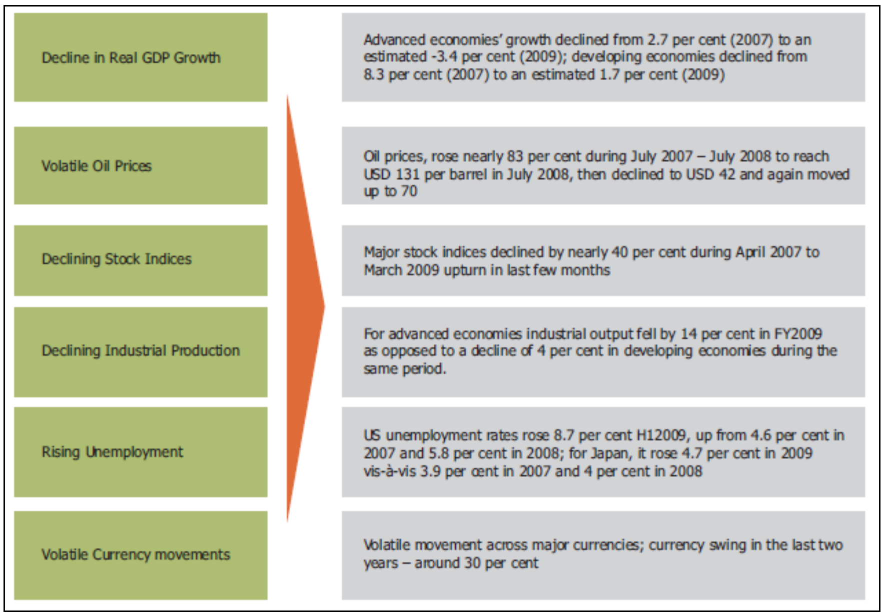
However, it is imperative for industry stakeholders to break out of the traditional mould that resulted in past successes and step up to the aspirations of the future. This would need new business models, reinvented service offerings and an enabling environment supported by adequate levels of infrastructure and talent.

India faces serious competition from other global sourcing locations, and to retain its advantage, concerted effort is needed by all stakeholders. Development of Tier-II/III cities to support major delivery locations is an imperative, along with upgrading the overall quality of talent pool.

The government needs to continue nurturing this industry with incentives and a simplified tax structure that will promote investments, and also will need to drive the domestic industry by spending on e-Governance projects.

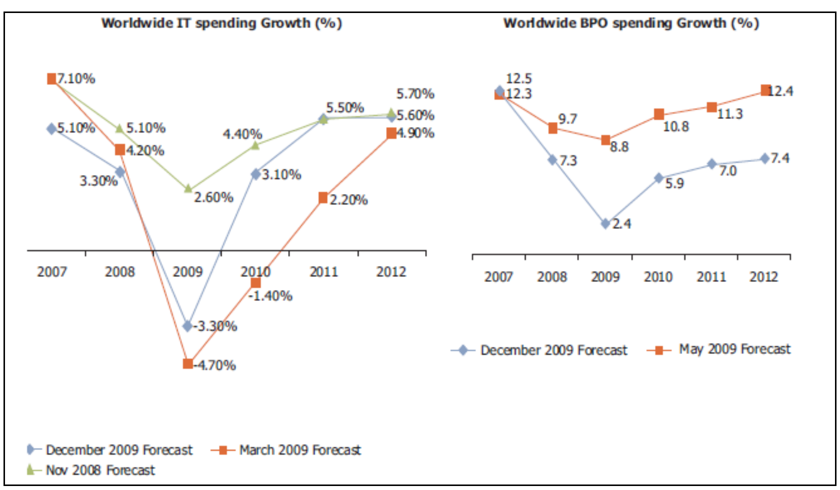
(Source: NASSCOM Strategic Review 2010)

Economic Crises since the last 1.5 years – signs of an 'Interrupted decade'



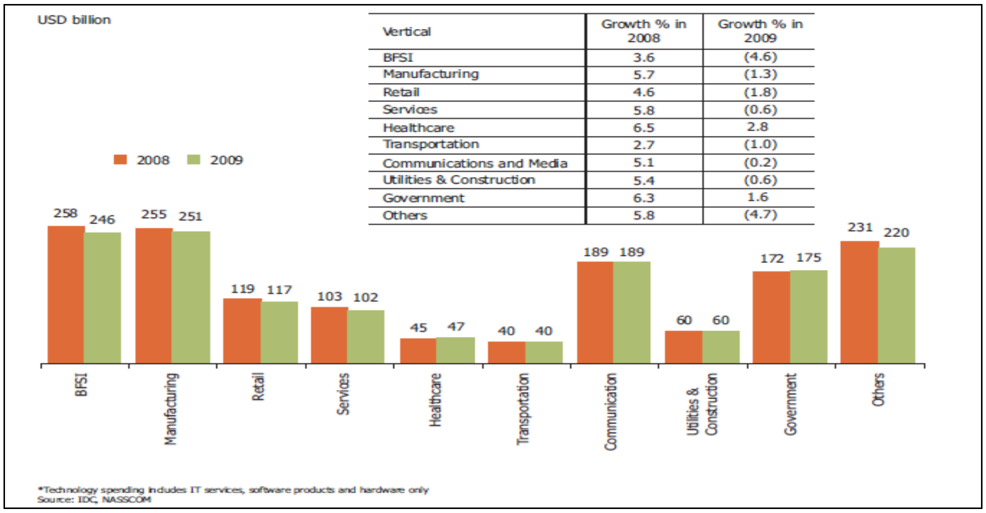
(Source: NASSCOM Strategic Review 2010)

World wide IT BPO spending



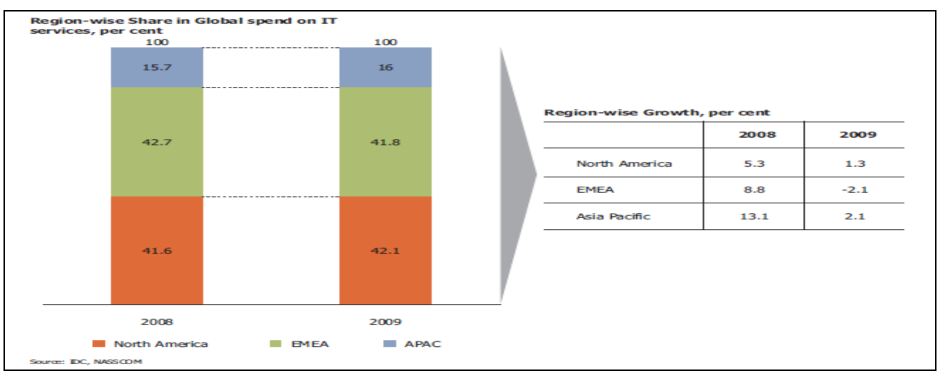
(Source: NASSCOM Strategic Review 2010)

Government and the health care verticals turned out to be potential spenders: -



Developed Economics account for almost 80% of overall IT Spending

BFSI and manufacturing segments are the primary spenders in this category accounting for 43 per cent in the worldwide spend on software products. Since global banking and financial institutions deal in extremely huge amount of financial transactions, speed and accuracy is crucial and the software should be able to meet those requirements. There is increasing replacement demand of legacy systems in the global markets driven by competition, increasingly complex compliance requirements of new standards and the demand of the customers. BFSI is becoming extremely dynamic with disruptive innovations changing the face of how the industry functions. However, the current environment has led to an overall decline in worldwide spending on software products. In response to the recession government spending across all major countries has increased and this has impacted software product sales, which grew by 4.4 per cent in 2009. Communications and media, healthcare and utilities were other growth segment for software product sales.



Indian IT-BPO Performance

- The industry is estimated to aggregate revenues of USD 73.1 billion in FY2010, with the IT software and services industry accounting for USD 63.7 billion of revenues.

- During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million.

- As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 6.1 per cent in FY2010. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to almost 26 per cent in FY2010.

- Export revenues are estimated to gross USD 50.1 billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

- The year was characterised by a strong revival in the US, which increased its share to 61 per cent. Emerging markets of Asia Pacific also contributed significantly to overall growth.

- The industry's vertical market mix is well balanced across several mature and emerging sectors. 2009 saw increased adoption of outsourcing from not only our biggest segment i.e., the Banking, Financial Services and Insurance (BFSI), but also new emerging verticals of retail, healthcare and utilities.

- In terms of service lines, IT Services segment aggregated export revenues of USD 27.3 billion, accounting for 55 per cent of total exports. IT outsourcing exhibited a strong growth, in line with the global trend, driven by increased spend in the remote infrastructure management, application management, testing and SOA segments. Further, cloud computing took centre stage this year, as it offered clients access to best-in-class process management at reduced capital expenditure levels.

- Domestic IT-BPO revenues are expected to grow at almost 8.5 per cent to reach INR 1,088 billion in FY2010. Rise of Indian corporations facing competitive market conditions through an increasingly globalised Indian market, increased spend by the government in several e-Governance initiatives, enhanced connectivity and increased levels of IT spending are key factors, which make the domestic market lucrative today. Coupled with the fact that companies are looking to improve competitiveness by adopting global best practices, leverage customised service off e-rings and new delivery models such as SaaS, which ensures greater cost savings. Domestic IT services is expected to grow by 12 per cent in FY2010.

- Even though India has a 51 per cent market share of the off shoring market, there is tremendous headroom for growth as current off shoring market is still a small part of the outsourcing industry. Significant opportunities exist in core vertical and geographic segments of BFSI and US, and emerging geographies and vertical markets such as Asia Pacific, retail, healthcare and government respectively. Development of these new opportunities can triple the current addressable market, and can lead to Indian IT-BPO revenues of USD 225 billion by 2020.

Global offshore IT spend forecast.

USD Billion	2008	2013	CAGR (%)
Application Management	4.8	8.1	11.1
Custom Application Development	8.1	9.1	2.3
IT Consulting	1.4	1.7	3.9
Infrastructure Services, Network and Desktop Outsourcing	2.2	4.5	15.5
Systems Integration	6.4	8.4	5.6
Others Services Offshored	8.1	10.1	4.5
IT Services Offshored	**31.0**	**41.9**	**6.2**

Source: IDC-Nasscom Strategic Review 2010

WEALTH MANAGEMENT MARKET

There are two reasons for Taksheel focusing its attention on wealth management solutions market:

(a) the growing size and complex needs of wealth management market and

(b) lack of an integrated technology framework that can address the requirements of wealth management service providers.

The changes in financial sector have been empowering the clients (investors) with more information and the institutions are forced to disclose more financial information than they would be willing to part with. Today's affluent clients are more discerning and well informed of the financial matters than before. They are well aware of the power of consumer demand, have unique and heterogeneous financial needs, and are capable of picking and choosing from a wide array of products and services offered by the financial institutions. The number and range of institutions providing wealth management services has been rising dramatically from one-man-band advisors to companies as large as Bank of America.

The following provides a brief overview of the main types of wealth management market players, who are its target customers. There are huge differences among them in terms of the types of clients served and the types of products and services offered. They also differ in terms of distribution channels, participation within the industry value chain, geographic coverage and scale. It is a complex patchwork. The main types of player are:

Pure Private Banks: -

Pure private banks are a broad category of player that includes the classic Swiss private banking partnerships and other independent players. Mainly targeting HNWIs (High Net Worth Individuals), these institutions offer clients end-to-end capabilities via a relationship with a senior banker (the relationship manager) that is confidential and founded on trust. Typically, the relationship manager is the client's sole contact point and handles all aspects of the relationship. But private banks, though important, are by no means the only player in the wealth management industry.

Retail and Universal Banks

Retail and universal banks target affluent clients who need comprehensive advice and who value a close banking relationship. Most of them have been shifting their focus up the wealth curve. They offer products across the full client balance sheet, but often struggle to integrate and coordinate them effectively. The emphasis is on 'farming' their existing customer base, including business banking clients. Examples include Citigroup, HSBC, Bank of America and ABN AMRO.

Family Offices

Family offices serve the very wealthiest clients, acting as an integrated hub for the family's financial administration. They perform, essentially, three main functions: (a) specialist advice and planning (including financial, tax, strategic and philanthropic); (b) investment management (including asset allocation, risk management, investment due diligence and analysis, discretionary asset management and trading); and (c) administration (including coordination of relationships with financial services providers and consolidated financial reporting). Family offices are particularly well developed in the US, and are starting to evolve in Europe.

Financial Advisors

Financial advisors focus on clients who seek independent investment advice. Their distribution traditionally relies heavily on a mobile sales force of well-trained and highly incentivised advisors. Over recent years, a number of web-based advisors have emerged. They offer above-average advisory quality and act as a gateway to third-party product providers.

Brokers

Stockbrokers and wire houses target self-directed investors and traders for their day-today transaction execution and investment needs. They offer low-cost access to a range of investment products as well as to extensive investment research. But they are not exclusively dedicated to affluent clients, do not typically offer much in the way of customised advice and often lack transaction-banking products. It is a diverse group, including firms that have their roots in online broking such as E*TRADE, as well as full-service brokers such as Merrill Lynch.

Direct Banks

Direct banks are specialist, low-cost, remote-channel attackers. Although these models are targeted generally at self-directed clients and do not all focus exclusively on affluent clients, some have nevertheless been able to attract and retain significant numbers of mass affluent clients through aggressive pricing and product innovation and simplification. Examples include ING Direct, which now operates in nine countries, and Egg in the UK.

Asset Managers

Asset managers include independent money managers and divisions of financial services groups. They serve wealthy clients directly through their own captive sales forces, and act as product providers/packagers to third-party distributors seeking best-of-breed and specialist fund management expertise. Examples include Fidelity, Old Mutual and AMVESCAP.

Other Players

There is also a range of other players, which include Insurance companies, Hedge funds, Private equity funds, Mutual funds and Structured product providers

WEALTH MANAGEMENT MARKET DRIVERS

The WM market offers one of the most appealing investment opportunities for financial services institutions. The market has realized significant growth over the past few years due to: Economic growth, Asset prices, Baby Boomers, Regional drivers

Economic growth

From a long-term perspective, the key wealth driver is economic growth (which, in turn, ultimately helps drive asset prices). Within aggregate economic growth, its balance/composition, volatility and the pattern of productivity growth also have an impact on wealth creation and allocation.

Asset prices

The 1990s surge in wealth was largely due to the biggest ever bull market in equities, particularly in America. Some of the increase in investable wealth reflects a shift of assets to the market that had previously existed in an illiquid and less measurable form. In recent years, much family owned companies have been sold, including a growing number through an initial public offering (IPO). To some extent, this merely represents wealth reclassification rather than genuine new wealth creation.

Baby Boomers

Demographics are also a powerful catalyst to wealth market development. The basic rationale is as follows. The age group that has generally mattered most to the industry from a growth perspective is those aged 45–64. These are the people who are most likely to be accumulating assets for retirement, while at the same time enjoying their peak years of earnings. Because of the baby boom that took place between 1946 and 1965, that age cohort has been growing rapidly from around 1991.

Regional drivers
Though there are clear differences among the drivers of wealth growth at the individual country level – reflecting, in part, different stages of market evolution and maturity. Wealthy clients' international lifestyles and business interests mean that a grasp of the regional dimensions is important to serve these clients well.

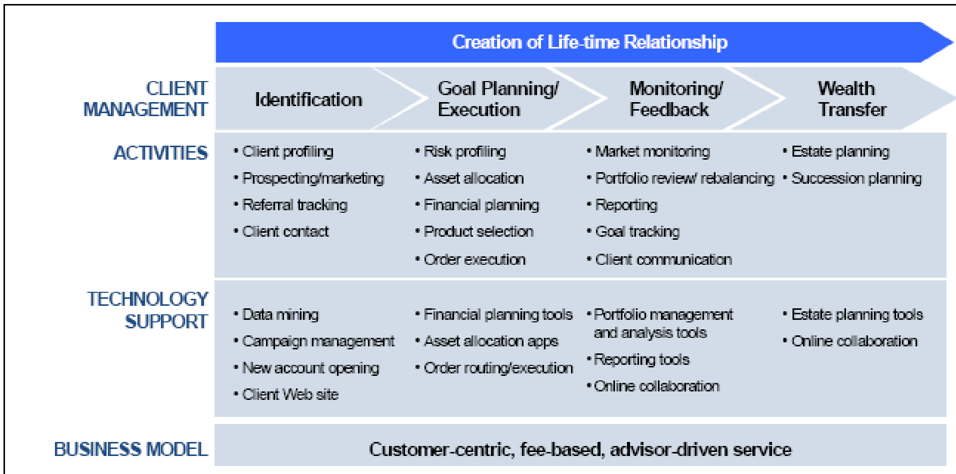
- North America: Industry shift towards full-service model
- Western Europe: Wealth transfer between generations
- Central and Eastern Europe: Strong economic development
- Asia-Pacific: Strong economic development
- Latin America: Traditional offshore-banking stronghold
- Middle East: Oil-driven growth
- Africa: Commodity-driven growth

For high net worth individuals the depth and breadth of products and services as well as independent advice (i.e., advice which is not influenced by the firm's product units like mutual fund, brokerage, or bank) are essential. In this environment, financial institutions have to offer outside products through an open architecture approach to retain clients and increase share of wallet of existing clients.

Open architecture in this case is defined as a product platform that offers products like managed accounts, proprietary and third-party mutual funds, or fund of hedge funds. With this business model change, firms are competing with independent registered investment advisors in becoming the trusted, independent, and primary advisor to clients.

Providing wealth management services to individuals is a top priority for these financial institutions. Although. The concept of providing personalized financial advice has extended enterprise-wide. The aim for enterprise-wide wealth management initiatives is focused on organizing effectively around customer needs with the intention of cross selling and managing as much of the clients' wealth as possible.

The following diagram depicts the wealth management paradigm.



Source: Celent

A breadth of wealth management solutions available with a wide range of functionality and depth of coverage, thus, the financial institutions that are embracing a wealth management program can choose an option that suits their objectives.

- Total wealth management IT spending varies by geography. Global wealth management IT spending by retails banks, private banks, brokerages, and insurance companies for 2009 totalled US$3.7 billion a decrease in 6% from the previous year. Wealth management IT spending in Europe is the largest market, followed closely by North America and by the Asia Pacific region in a more distant third. In 2009, total IT spending in Europe was US$1.6 billion, a 7% decrease over 2008.

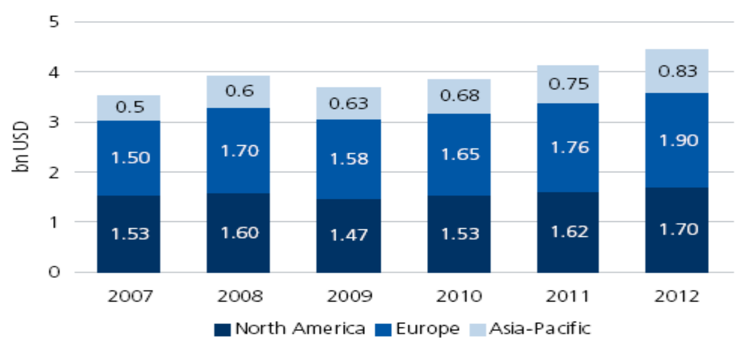
- Technology spending budgets will increase in next 12 months. In 2010, spending will increase between 5% and 20%.

- Firms are looking into expanding their technology projects to target a broader customer segment as well as extend their service offerings.

- Financial services firms will continue to focus on the high net worth and ultra-high net worth individuals, but expand and develop more opportunities in the mass market and mass affluent segment.

- Firms will invest mostly in technology around front office requirements, including advisor platforms, compliance, reporting, self-service and integration.

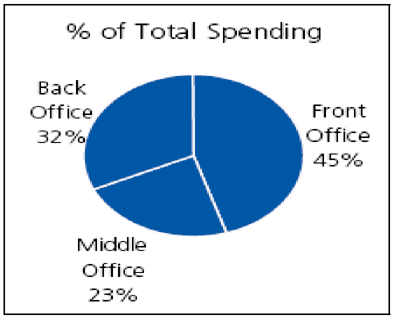
IT spending by region



Source: Celent

Front-office components support the advisor's relationship with the client and include contact management (CRM), account aggregation, client prospecting (sales tools), and financial planning and advice tools. These components support the advisor with the acquisition, ongoing maintenance, and retention of clients. The goal is to be able to provide consistently high quality service and advice. Middle/back office components focus on the advisor's link to the home office. Key areas include portfolio construction, model administration, compliance, document storage, and central data repository. These components support the development and implementation of the optimal investment solution for a given client case. The goal is to meet or exceed the clients risk/return expectations.

Celent expects the majority of the spending to be allocated to the front office. In the back office, there will be a high concentration of spending on integration.



Source: Celent

Competitive factors Dominating Wealth management solution market by region

North America

General	Technology specific
Firms are taking an enterprisewide approach to wealth management services rather than division-specific approach, moving away from a silo product-oriented view to a customer-centric approach.	Improving front office capabilities and a focus on integration.
Wealth management projects were put on hold during 2009, but will slowly pick up for 2010.	Portfolio and market risk management (PRM) spending will see significant growth especially for hedge funds.
Multiple vendor solutions are chosen by banks. Typically they serve multiple segments of the market.	Crowded vendor market. The market has experienced a number of vendor consolidation.
Client-focused front-middle office spending to increase (e.g., upgrading advisor workstations, increased reporting, etc.).	For application development, a combination of third party and in-house build seems to be the leading option.
Move from transaction-based model to advisory model.	

Source: Celent

European

General	Technology specific
Universal banking approach. In markets with this approach, banks can offer a variety of products and services in both banking and brokerage, spreading risk across segments and types of customers.	Expense-reduction policy will still remain a top priority in the short-medium term.
Advisor-centric model. Investors still prefer to speak to advisors when seeking financial guidance, so the focus is on automating trading and administrative tasks to serve clients more efficiently.	Portfolio and risk management spending (PRM) will see significant growth.
Increased use of vendor solutions for wealth management. A combination of in-house and third party vendor solutions is the prevalent model.	Firms will focus on front office and back office efficiencies.
Front office and back office focus for wealth management initiatives.	Regulatory initiatives and compliance operations will be a major focus for technology providers.

Source: Celent

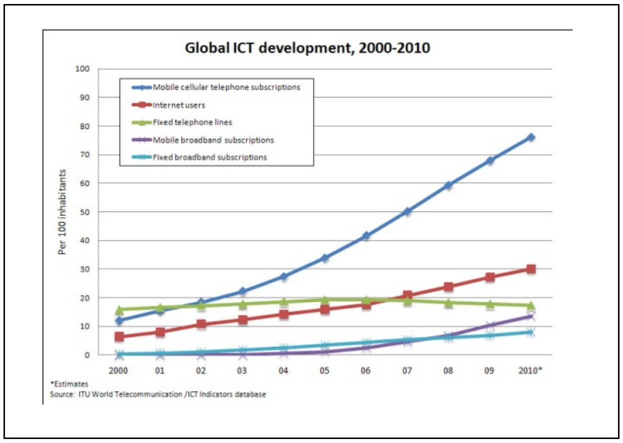
Asia-Pacific

General	Technology Specific
Nascent market for vendor-provided wealth management technology. There will be intense competition for gaining a large share of this market. Most vendors are focusing their attention on large and midsize institutions.	The market is dominated by in-house development with development with partners, both local specialists and foreign software.
The market has shown signs of growth rates in the HNW and UHNW population, encouraging banks to invest in wealth management technology to serve its customers.	The market is after a single workbench covering broad portfolio management functionality, data warehousing, order management, due diligence, etc.
Client relationship management is going to be among the top priorities for wealth managers	Relationship maintenance through online service platforms like Internet and handheld devices is likely to evolve. This also enables use of client relation managers for higher value customer services thereby increasing efficiency
There is increased demand among clients for frequent reporting across multiple asset classes, multiple accounts from multiple institutions	Integrated platforms and back office systems providing support for multiple asset classes and account aggregation features are likely to become popular
The mass affluent segment is growing fast in the region, but it is difficult for wealth managers to target them mainly because of challenges in distribution	

Source: Celent

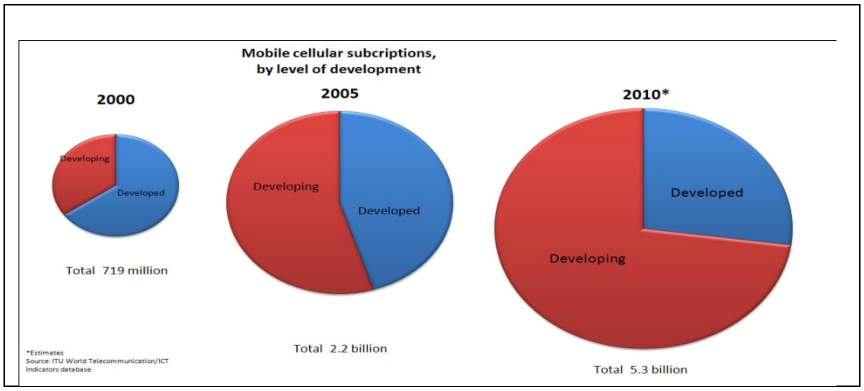
Information & Communication Technology (ICT) Growth:

Global : Globally out of happening business segments telecom industry is identified as one of the most dynamic and fast growing due to the latest technology growth and demand for infrastructure to increase tele-density. Telecom industry has been recorded phenomenal worldwide in growing at a faster rate than any other business. A revolution has been created by wireless technology which has taken over wired networks drastically over a decade plus. The global telecom market has grown in the recent past, at a scale that has few parallels in industry - with large pockets of the global population getting connected, and already connected consumers, receiving a surge of new services. In the next few years, the industry will witness rapid deployments unleashing a great new potential in the global society making the world even smaller.



The global telecom market is expected to grow at Compound Annual Growth Rate (CAGR) close to 4.2% to reach EUR 3.1 trillion by the end of 2011, with Asia contributing significantly to this growth. Asia's contribution to global revenues is slated to grow from 26% to 29% by 2010. On the subscriber front, Asia's share of global subscribers is expected to grow to 42% by 2010. Asia has emerged as the largest telecom market in terms of subscribers and as a continent is slated to generate the largest share of revenues by 2010. While Asia will contribute close to 30% of global revenues by 2010, industry projections suggest that more than 45% of the global subscriber base will come from Asia by the end of the decade. Mobile services have been the catalyst for growth in the global telecom service industry and its share to total revenue has increased from 23% to 45% during the period 2001-2006. Globally, mobile subscriber base surpassed wire line subscriber base in 2002 which is continued till 3rd qtr 2010.

The number of mobile subscribers worldwide has nearly tripled in the last five years, increasing from 964 Million at year-end 2001, to 3 bn as of July 2007. It is expected that mobile operators globally will add another 1.4bn subscriber during the next five years, topping nearly 4.7bn at year-end 2012. This represents a compounded annual growth rate of 7.5%. Africa and the Middle East as well as Asia will account for the biggest subscriber gains, while Western and Eastern Europe will see its share of the global subscriber base shrink. By 2012, more than two-thirds of the world's population will have a mobile subscription, up from half in 2007 and only a third in 2005. Of the 20 fastest-growing markets in the world, all but three come from Asia, Africa or Latin America.



By the end of 2010, there will be an estimated 5.3 billion mobile cellular subscriptions worldwide, including 940 million subscriptions to 3G services. Access to mobile networks is now available to 90% of the world population and 80% of population living in rural areas. People are moving rapidly from 2G to 3G platforms, in both developed and developing countries in 2010, 143 countries were offering 3G services commercially, compared to 95 in 2007.

Source: ITU world wide telecommunication

Indian Telecom 2010:

Indian telecommunications industry is one of the fastest growing in the world. According to the Telecom Regulatory Authority of India (TRAI), the number of telephone subscriber base in the country reached 671.69 million as of end June, 2010, a sequential growth of 8.41 per cent over the previous quarter as against 10.52% during QE Mar-10. With this the overall tele-density (telephones per 100 people) has touched 55.38. The wireless subscriber base has increased to 617.53 million at the end of May 2010 from 601.22 million in April 2010, registering a growth of 2.71 per cent.

Snapshot

(Data As on 30th June 2010)	
Telecom Subscribers (Wireless +Wireline)	
Total Subscribers	671.69 million
% change over the previous quarter	8.1%
Urban Subscribers	452.59 million (67.4%)
Rural Subscribers	219.09 million (32.6%)
Teledensity	56.83
Urban Teledensity	128.20
Rural Teledensity	26.43
Wireless Subscribers	
Total Wireless Subscribers	635.51 million
% change over the previous quarter	8.76%
Urban Subscribers	425.87 million (67.0%)
Rural Subscribers	209.63 million (33.0%)
GSM Subscribers	527.62 million (83.0%)
CDMA Subscribers	107.88 million (17.0%)
Teledensity	53.77
Urban Teledensity	120.63
Rural Teledensity	25.29
Wireline Subscribers	
Total Wireline Subscribers	36.18 million
% change over the previous quarter	-2.10%
Urban Subscribers	26.72 million (73.9%)
Rural Subscribers	9.46 million (26.1%)
Teledensity	3.06
Urban Teledensity	7.57
Rural Teledensity	1.14
Village Public Telephones (VPT)	0.57 million
Public Call Office (PCO)	4.03 million
Internet & Broadband Subscribers	
Total Internet Subscribers	16.72 million
% change over the previous quarter	3.33%
Broadband Subscribers	9.47 million

Broadcasting & Cable Services	
Total Number of Registered Channels with I&B Ministry	515
Number of Pay Channels	150
Number of private FM Radio Stations	248
DTH Subscribers registered with Pvt. SPs	23.77 million
Number of Set Top Boxes in CAS areas	770,519
Telecom Financial Data (for the QE Jun-10)	
Gross Revenue during the quarter	` 41,392.75 Crore
% change in GR over the previous quarter	2.80%
Share of Public sector undertaking's in GR	19.19%
Adjusted Gross Revenue (AGR)	` 30481.93 Crores
% change in AGR over the previous quarter	5.73%
Revenue & Usage Parameters (for the QE Jun-10)	
Average Revenue Per User (ARPU) GSM	` 122
Average Revenue Per User (ARPU) CDMA	` 74
Minutes of Usage (MOU) GSM	401 Minutes
Minutes of Usage (MOU) CDMA	299 Minutes
Minutes of Usage for Internet Telephony	137.20 million

Source: TRAI – Performance Indicator report October 2010

Value-Added Services (VAS) Market:
Mobile value added services (VAS) include text or SMS, menu-based services, downloading of music or ring tones, mobile TV, videos and sophisticated m-commerce applications. As per an industry report, VAS that accounts for 10-12 per cent of the telecom operator's revenue is expected to reach 20 per cent growth by 2013. The report further predicted that after the introduction of 3G services in India, the segment may garner US$ 5.98 billion in turnover by 2013. Currently, the segment stands at US$ 2.07 billion.

Major Investments –

The booming domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new services. According to the Department of Industrial Policy and Promotion (DIPP), the telecommunications sector which includes radio paging, mobile services and basic telephone services attracted foreign direct investment (FDI) worth US$ 2,554 million during 2009-10. The cumulative flow of FDI in the sector during April 2000 and March 2010 is US$ 8,930.61 million. As per an industry report the telecom industry witnessed merger and acquisition (M&A) deals worth US$ 22.73 billion during April-June 2010, which represented 67.19 per cent of the total valuation of the deals across all the sectors during the period analysed. Norway-based telecom operator Telenor has bought a further 7 per cent in Unitech Wireless for a little over US$ 431.3 million. Telenor now has 67.25 per cent hold of the company. Telenor has now completed its four-stage stake buy and has invested a total of US$ 1.32 billion in Unitech Wireless as agreed on with the latter last year.

Indian players into global market:

In March 2010, Bharti Airtel bought the African operations of Kuwait-based Zain Telecom for US$ 10.7 billion, driving Indian player into the league of top ten telecom players globally. The reserve bank liberalized the investment norms for Indian telecom companies by allowing them to invest in international submarine cable consortia through the automatic route. In April 2010, RBI issued a notification stating "As a measure of further liberalization, it has now been decided; to allow Indian companies to participate in a consortium with other international operators to construct and maintain submarine cable systems on co-ownership basis under the automatic route." The notification further added, "Accordingly, banks may allow remittances by Indian companies for overseas direct investment."

Tele-medicine:
With increase in cell phone users to around 600 million and introduction of 3G services soon in the country, remote treatment and diagnosis of patients through mobile phones would become a reality in the near future. In fact, a few telecom operators and value-added service developers are planning to use mobile phones for diagnostic and treatment support, remote disease monitoring, health awareness and communication.

3G Services: The Department of Telecom has taken the pioneering decision of launching of 3G services by BSNL and MTNL and initiation of process for auction of spectrum for 3G services to private operators. Allocation of spectrum for third-generation (3G) and broadband wireless access (BWA) services was done through a controlled simultaneous, ascending e-auction process. All the 71 blocks that were put up for auction across the 22 service areas in the country were sold, leaving no unsold lots. Auction for 3G spectrum ended on May 19, 2010 after 183 rounds of intense bidding over a span of 34 days. The Government is expected to morph revenue worth US$ 14.6 billion. All the available slots across 22 circles have been sold to seven different operators.

Rural Telephony:

According to the Economic Survey 2009-10, rural tele-density has increased from 1.2 per cent in March 2002 to 15.1 per cent in March 2009 and further to 21.2 per cent at the end of December 2009. Rural telephone connections have gone up from 12.3 million in March 2004 to 123.5 million in March 2009 and further to 174.6 million in December 2009. The share of private sector players in the total telephone connections has steadily increased from around 14 per cent in 2005 to 31 per cent as on December 31, 2009. During 2008-09, the growth rate of rural telephones was 61.5 per cent as against 36.7 per cent for urban telephones. It is proposed to achieve rural tele-density of 25 per cent by means of 200 million rural connections by the end of the Eleventh Five Year Plan.

Indian government policy Initiatives: The government has taken many proactive initiatives to facilitate the rapid growth of the Indian telecom industry.

- In the area of telecom equipment manufacturing and provision of IT-enabled services, 100 per cent FDI is permitted
- No cap on the number of access providers in any service area. In 2008, 122 new Unified Access Service (UAS) licences were granted to 17 companies in 22 services areas of the country
- Revised subscriber based criteria for allocation of Global System of Mobile Communication (GSM) and Code Division Multiple Access (CDMA) spectra were issued in January 2008
- To provide infrastructure support for mobile services a scheme has been launched to provide support for setting up and managing 7,436 infrastructure sites spread over 500 districts in 27 states. As on December 31, 2009, about 6,956 towers had been set up under the scheme

According to the Consolidated Foreign Direct Investment (FDI) Policy document, the FDI limit in telecom services is 74 per cent subject to the following conditions:

- This is applicable in case of Basic, Cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added Services
- Both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. In any case, the 'Indian' shareholding will not be less than 26 per cent
- FDI up to 49 per cent is on the automatic route and beyond that on the government route. FDI in the licensee company/Indian promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 per cent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities
- The investment approval by FIPB shall envisage the conditionality that the Company would adhere to licence Agreement
- FDI shall be subject to laws of India and not the laws of the foreign country/countries

The Road Ahead

According to a report published by Gartner Inc in June 2009, the total mobile services revenue in India is projected to grow at a compound annual growth rate (CAGR) of 12.5 per cent from 2009-2013 to exceed US$ 30 billion. The India mobile subscriber base is set to exceed 771 million connections by 2013, growing at a CAGR of 14.3 per cent in the same period from 452 million in 2009. This growth is poised to continue through the forecast period, and India is expected to remain the world's second largest wireless market after China in terms of mobile connections. Mobile market penetration is projected to increase from 38.7 per cent in 2009 to 63.5 per cent in 2013, according to Gartner.

Source: TRAI – Performance Indicator report October 2010

BUSINESS OVERVIEW

You are requested to note that for the purpose of this section, all references to the terms "we", "us", "our" shall me our company (TAKSHEEL Solutions Limited) as well as our Subsidiary.

We are comprehensive IT Solution Company focused on providing products and services for the companies engaged in financial services industry & Telecom, which are driven by technology all over the world. Our 11 years of presence in the industry has given us good business domain knowledge and experience in deploying products & solutions. Our revenues have grown from Rs. 3202.97 Lakhs for the Fiscal 2008, to Rs. 3543.03 Lakhs for the Fiscal 2009, to Rs. 4950.15 Lakhs for the Fiscal 2010, in large part due to strategic acquisitions in the recent past. These strategic moves have benefitted us in our financial performance and have enabled us to grow at 5 year CAGR (ending Fiscal 2010) of over 48.81% in our revenues and about 53.63% and 63.50% in our EBITDA and Profits after Tax respectively

The knowledge and experience gained by our team drive us to many new and exciting developments. Our blend of academic and technical knowledge allows us to provide range of IT services. Headquartered in Hyderabad, with an office in North America, we provide professional IT services to global clients. Our solutions together with our expertise, drives our clients to become a value based, performance-focused organizations.

Our Company vision of simplifying Information Technology for business. Our Company has since than evolved to emerge as a specialized solutions provider offering Wealth Management Technology Solutions, Telecom Solutions, Business Intelligence, Data Warehousing, Application Development and Application Maintenance

The Company's solutions/services, in general technical areas, include the following:

- Wealth Management Solutions
- Telecom Solutions
- Application Development & Maintenance
- Data Warehousing & Business Intelligence
- Offshore Outsourcing

Competitive Strengths

We believe that the following are our principal competitive strengths, which differentiates us from other IT solutions providers:

➢ ***Wide Range of Wealth Management Solutions***

We have rolled out a broad range of wealth management technology solutions to global financial institutions in serving their high net worth clients, such as banks, hedge funds, insurance companies, investment managers, brokerage firms, trusts and family offices .Our integrated wealth management solutions approach spans across the following business processes like Advisory tools, Financial planning, Asset allocation, Asset aggregation, Portfolio valuation, Performance monitoring, Risk profiling, Interface with external systems .This offerings cover the entire gamut of wealth management cycle. Wealth management solutions market is a high margin niche in BFSI sector, which is constantly improving the top-line as well as the bottom-line of the company.

➢ ***Advantage of Early Entry***

We are one of the few players that entered the wealth management solutions market in its early stages and remain focused on providing cutting edge technology solutions to the global clients in the market. Wealth management market is an attractive niche segment in financial services industry. With the cumulative experience and business process exposure we are able to offer differentiated and customizable services to the clients. The early mover advantage will be of immense help to add new clients and generate additional sales from the existing clients.

- ***Unique, Versatile and State of the art Telecom products***

We are specialized and developed products in IP multimedia subsystem(IMS), Telecom Signalling Integrated Standard Digital Network (**ISDN**), Channel Associated Signalling (**CAS**), Signalling System 7(**SS7**), Short Message Service Centre (**SMSC**s), Least Cost Routing system (**LCR**), Optimal Routing Solutions (**ORS**), Voice Mail Servers (**VMS**) and other Value Added Services (**VAS**) content delivery platforms. Our product portfolio covers enterprise IP-Telephony, Unified Communication System, Carrier Grade solutions, Wireless VOIP solutions, IVRS, Voice Loggers, Video Conferencing, NMS and other IT Solutions.

- ***Depth of experience and knowledge in targeted industry segments***

We actively track the industry trends, technologies, and markets that drive our customers businesses in our target industry verticals. We have invested in building a team of industry specialists who have an understanding of the industries in which our customers operate and the competencies that they require. We have established competency centers, across our domain, product engineering and platform expertise that are cross-functional teams which develop capabilities to differentiate, support and promote our core businesses enabling us to:

- ***Ability to Manage and Establish Enduring Relationship with Large Clients***

We have a proactive CRM approach to discover and meet the clients' needs and expectations on a regular basis. We have dedicated account managers for large clients to forge long, sustained and mutually beneficial relationships with the clients. Our ability to respond quickly to clients' needs, be always accessible to the clients, have flexible approach to problem solving, and provide customized services have contributed to high levels of satisfaction of our clients.

- ***Qualified Professionals and Strong Management Team***

We have global pool of domain experts who are experienced in the financial services & Telecom industry domains. We have the ability to put together large implementation teams with a diverse set of technical and management skills. Our employees are organized with their areas of expertise and are committed to work, showing good teamwork. Our top management comprises professionals with over two decades of rich experience in diverse industry domains, and qualifications from reputed universities and institutions in India and USA. Founders of the company are first generation entrepreneurs with IT qualifications from USA.

BUSINESS STRATEGY

We seek to further enhance our position as a leading provider of integrated IT solutions and services, to achieve this goal we seek to:

- ***Focus on wealth management solutions***

We will continue to strongly focus on our main strength WMS, as it is one of the growing and evolving segments. We are adopting proactive target marketing for gaining market share in the wealth management solutions market. Our solutions help WMS providers distribute investment products, provide advice and enhance their services. The solution is scalable and addresses all compliance requirements. It delivers customized and adaptive solutions for service providers having clients from the mass affluent to the high net worth and covers the full spectrum of investment processes of brokerages, banks, insurance firms and other wealth management providers. Our solutions address account/data aggregation, online collaboration and workflow-based functionalities.

➢ ***Focus on Telecom products & Solutions.***

We are majorly focused on providing customized solution in the area of Enterprise IP-Telephony, Unified Messaging System, Carrier Grade solutions for wholesale retail clients over VOIP, VOIP Integrated Wireless solutions, IVRS, Voice Loggers, Video Conferencing, Network Monitoring & Management, Data Security Solutions. Our products range covers Analog, Digital & GSM PCI telephony Interface cards, Multi-functional IP Phones (Basic Executive and Advanced), Analog and GSM Channel banks. We are one stop shop providing complete range of telecom products required from SOHO office to Mid-Range and Large corporates.

➢ ***Growing our business through expand service offerings like BPO, KPO***

After concentrating on our core business activities for the last 11 years we are planning to expand our business through providing captive BPO and KPO offerings in Financial Services and Telecom areas. We have received requests from our existing and satisfied customers to provide this service. We expect these to materialize in the near future.

➢ ***Geographical expansion***

We are in the process of expanding our operations and we have recently started our operations from Delaware. We already have our presence in India and New Jersey. We propose to expand our operations in Asia-Pacific markets and Middle Eastern countries.

➢ ***Inorganic Growth***

We will continue to explore opportunities for acquisitions or joint ventures or alliances that leverage on the existing service offerings, cater to new client relationships or give us a presence in complementary markets. We will pursue strategic acquisitions and other inorganic initiatives that will strengthen our competitive position as well as drive profitable revenue growth.

➢ ***Invest in Our People and Culture***

As a people-based business, we continue to invest in the development of our professionals and to provide them with entrepreneurial opportunities and career development and advancement. Our technology, business consulting and project management councils ensure that each client team learns best practices being developed across our company and our recognition program rewards teams for implementing those practices. We believe these results in a team of motivated professionals armed with the ability to deliver high-quality and high-value services for our clients.

INORGANIC GROWTH

We are consciously following a strategy of organic and inorganic growth. Since inception we have made the following
Acquisitions:

Year of Acquisition	Name of Acquired Company	Nature of Business
2005	We have acquired 100% Equity in IBSS Inc	Wealth Management & IT Solutions to Financial services Industry.
2007	We have acquired the Clients of Dataformix technologies Inc	Data Warehousing & Business Intelligence businesses.
2009	We have acquired the Telecom Software Products from Verisoft Business Solutions Pvt Ltd.	Telecom Software Products

SERVICE OFFERINGS

Our business activities can be classified into two major segments:

1) Wealth Management Solutions (WMS)
2) Telecom & Managed services and
3) Information Technology Services (IT).

1) Wealth Management Solutions (WMS)

We offer solutions to Banks, Asset and Investment Managers, Brokerage Houses, Insurance, Hedge Funds, Trusts and Family Offices .Our complete range of IT Services and solutions addresses the needs of both technology and business requirements to help organizations towards business improvement. WMS is provided through a Service Oriented Architecture (SOA) which enables us to deploy a customized version of its solutions to help the clients manage their customers' assets, increase their sales, improve their service and generally lower their operating costs, by processing the transactions faster, reducing the scope for human errors and the need for entering data at multiple points.

In a competitive market, providers of wealth management services are forming their IT strategies to help build differentiating factors in their services/products in order to gain and retain customers and their assets. The right IT resources can help wealth management firms to:

- Improve client service from reporting to call centers
- Attract and retain top advisor and/or customer service talent
- Reduce operational and administrative inefficiencies
- Generate added revenue by rapidly developing and deploying new value-adding products and services
- Achieve real competitive advantage

Taksheel brings together domain knowledge, technological capabilities and its global delivery model to offer the best results and returns on IT investments of its clients. Taksheel's wealth management solutions (WMS) are cost effective. They create competitive edge to the client company by enabling efficient and effective service delivery/management. The core features of our solutions are as follows:

Relationship Management

- Client profiling & segmentation
- Proposal generation
- Web-collaboration
- Multi-dimensional and multi-channel relationship management

Portfolio Management

- Account tracking (holdings and transactions)
- Tracking of other assets and liabilities (insurance policies, real estate, art, investment loans, investments held at other institutions, etc.)
- Maturity ladders and cash flow projections
- On-line consolidated statements

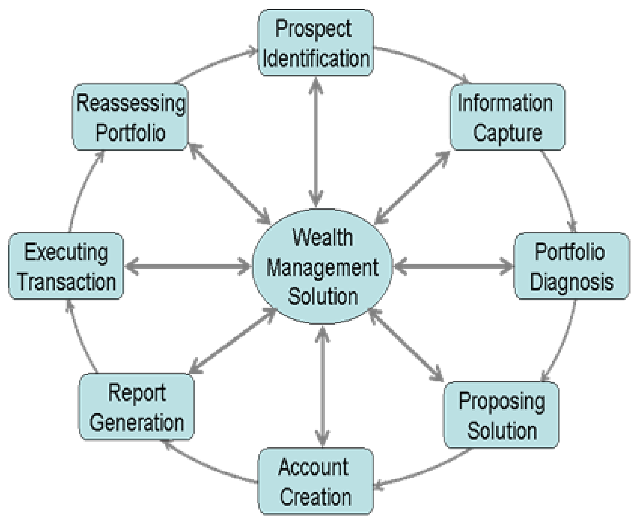
Statements and Performance Reporting

- Consolidation of statement data (internal and external aggregation)
- Appropriate market commentary
- Mass-customization and delivery solutions

Decision Support and Business Management

- Advisor tools & resources (data, news, research reports, calculators, financial planning, advice engines, etc.)
- Management reporting
- Service monitoring
- Performance measurement
- Client profitability

Technology architectures do not easily accommodate integration without the aid of middleware solutions. Indeed, unless a financial institution has the resources and funds to front the integration issue in-house, the company has to depend on outside vendors in the marketplace who can tackle the integration issue.



Thus, a key issue Financial Services Providers face during technology deployments is integrating disparate applications and systems. While it is complicated enough to introduce new systems in a technology environment, making sure these connect to each other efficiently is another task for technology departments. Wealth Management front-office activities such as portfolio monitoring and trading rely on the ability to connect to back-end portfolio management, accounting, and compliance processes. In addition, institutions wish to capture vital client data and documents which may be generated through front-office activities and ensure they get captured in the back office. Without these types of connections, an institution cannot hope to deliver superior service.

Our Wealth Management Solutions provide ease of integration between portfolio management/financial planning systems, account aggregation vendors, market data providers, and CRM systems. In addition, we have expertise in deploying, managing, maintaining and integrating front office and middle/back office services to an end-to-end solution, unifying all business processes and adding a broad range of features and functionalities.

Wealth Management Cycle

Functions carried on by the framework

In a competitive market, providers of wealth management services are necessarily forming their IT strategies to help build differentiating factors in order to gain and retain customers and their assets. The right IT resources can help wealth management firms to:

- Improve client service, from reporting to call centers.
- Attract and retain top advisor and/or customer service talent.
- Reduce operational and administrative inefficiencies.
- Generate added revenue by rapidly developing and deploying new value-adding products and services
- Achieve real competitive advantage

Our specific clientele in Wealth Management has enabled us to build Domain expertise in Wealth Management Solutions. In our transition to a niche domain area, we have focused on Wealth Management solutions and have built our own Integrated Wealth Management Framework (IWMF).

IWMF brings a set of pre-fabricated software components in the Wealth Management space into a framework. Having pre-fabricated pieces to be implemented yet giving the flexibility to the customer to pick and chose components, work with their existing software and low cost implementation of these solutions distinguishes us.

One of the high-value tools Taksheel offers to the wealth management organization is its Integrated Wealth Management Framework. This cost effective, customizable application provides a competitive edge by enabling efficient and effective service delivery and management through several modules.

This is built on contemporary service oriented architecture and offers flexibility and scalability with ease of integration, deployment and maintenance. Built on a concept of working with and integrating with third party products, our framework is able to offer a "best of breed" approach in the following areas:

- CRM/Contact Management
- Account Aggregation
- Client Prospecting/Sales
- Financial Planning & Advice
- PM Accounting/Reporting
- Compliance
- Document/Data Repository

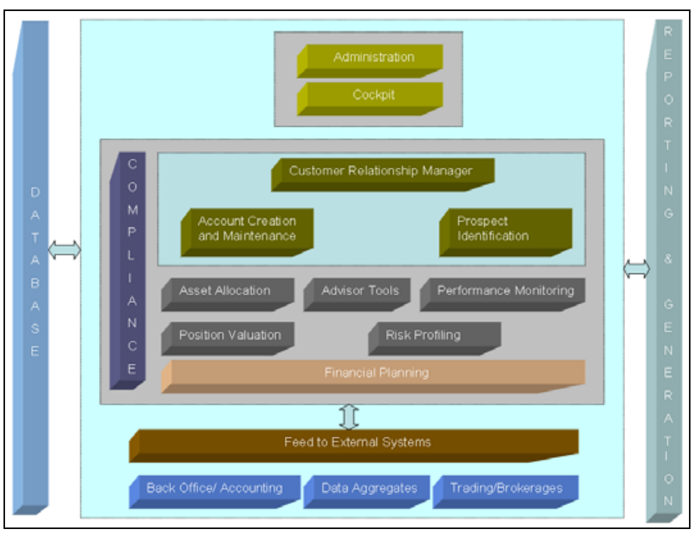


Exhibit 1: Components of Wealth Management Framework

The TAKSHEEL Wealth Management Framework is a comprehensive technology foundation for desktops across the firm and provides a unifying framework which incorporated and integrates a variety of business that constitutes wealth management advisory services. A rich data model, with shared business components that can be leveraged across the firm serves as standards based integration hub for consolidating data and integrating applications across the firm in a flexible and cost effective manner.

For clients who want to reduce development effort and project cycle time, we offer a set of reusable frameworks in different areas. These reusable frameworks have been developed in-house at Taksheel, using our domain and technology expertise. They can be customized to meet specific client requirements.

Key Framework Features

Our solutions can integrate a set of applications and processes in wealth management technology markets. With our set of services/solutions we can create a comprehensive technology foundation for an advisory business, in addition, unifying or integrating advisory processes, applications and data across the firm.

Advisory Process – Taksheel's WMS configures wealth management advisory process that meets an individual firm's needs. Firms can leverage their application functionality across the enterprise into seamlessly integrated business processes and enable team-based collaboration across the firm. Other features include task assignment and routing, process monitoring and the ability to view detailed task history.

Compliance - WMS helps a firm to implement compliance implicitly through business rules, process definitions and output templates and explicitly through conditional review and approval of tasks within advisory processes.

Service-Oriented Architecture (SOA) - Our experience in using SOA presents flexibility and scalability with ease of integration, deployment and maintenance of applications and data services that are designed specifically for the wealth management domain.

Web Services and Data Integration – Our Web Services and Data Integration processes help consolidate data and integrating application functionality distributed across the firm. What is unique about this feature is that it leverages the SOA feature to offer flexibility to firms by a services-based, economical approach to integration. For example, firms can use this feature to access data right from the source, as a service, without having to worry about data replication, redundancy and reconciliation costs.

Presentation Management - Includes a presentation generation service that enables advisors to generate, view, store and retrieve personalized proposals, investment policy statements, client reviews and other investor presentations.

2. Telecom & Managed services

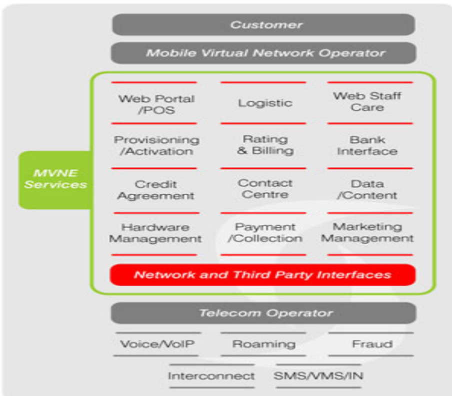
Taksheel developed technology which is unique, versatile and state of art products made us integrated Telecom and IT services provider. As IT & Telecom integrated technology partner we offer our service on pay for use by providing our products and services on hosted basis. Revenue sharing as model for aggregator business platform and other SaaS model products and services. Growing demand getting down capex, as technology driven company we had focused in offering products & services as pocket suitable solution in SaaS model.

Core Competencies: We are specialized and developed products in IP multimedia subsystem(IMS), Telecom Signalling Integrated Standard Digital Network (ISDN), Channel Associated Signalling (CAS), Signalling System 7(SS7), Short Message Service Centre (SMSCs), Least Cost Routing system (LCR), Optimal Routing Solutions (ORS), Voice Mail Servers (VMS) and other Value Added Services (VAS) content delivery platforms. Our product portfolio covers enterprise IP-Telephony, Unified Communication System, Carrier Grade solutions, Wireless VOIP solutions, IVRS, Voice Loggers, Video Conferencing, NMS and other IT Solutions. With products and services offered by us, we had secured business from various sectors CGISS, Healthcare, Defence, Domestic and Multinational enterprise and government organisations.

PRODUCTS & SERVICES:

(I) MVNE SERVICE WITH TECHNOLOGY SUPPORT:

Market - Domestic & *World Wide*



Mobile Virtual Network Enabler (MVNE) is a company that provides services to mobile virtual network operators in terms of providing billing, network element provisioning, administration, operations, support of base station subsystems and operations support systems, and provision of back end network elements, to enable provision of mobile network services like cellular phone connectivity.

Taksheel being an integrated telecom infrastructure solutions and services provider having strategic partnership with service providers and in house developed technology has emerged as aggregator MVNE with MVNO ready to go platform offers its services across globe.

Our Complete Telco-in-a-Box proposition takes care of all the operational and technical elements of offering communication services, allowing brands to concentrate on sales, marketing and distribution.

(II) TELECOM – Switching, Management & Billing:

Market - India & Worldwide

- **WisePBX (v1.0)** : An Enterprise IPPBX platform, Supports Sip & H323, TDM & IP technology, open source telephony hardware and codecs G711, G723, and G729 AB. Support services like Video, Voice mail integrated to email, Voice paging, builtin IVR, personalized greetings.

- **WiseDial:** *A Contact center ACD with CRM,* Automatic Call Distribution, Voice Mail boxes integrated with email, campaign based IVRS, Complete Contact Centre Relation Management & Reporting. Predictive & Progressive dialing options with answering machine detection. Blended calling for incoming & outgoing campaigns integrated with CRM. Mysql database, compatible with analog & digital trunks and user extensions.

- **IVRS:** *Interactive Voice Response System,* Advanced IVRS solution with multi level architecture. Supports multi lingual process on single system. Supports DTMF enabled accessibility; mysql database integrated, compatible with Analog and Digital Telephony. Speech recognition based IVR call flow. Single platform serves multi-campaigns and high availability are advantages on this platform.

➢ **WiseSMS:** A Short Message Service platform developed in house supports bulk SMS business and highly available platform in rendering ' Value Added Services ' compatible with most of existing service providers. Supports multiple campaigns with interconnect of multiple service providers.

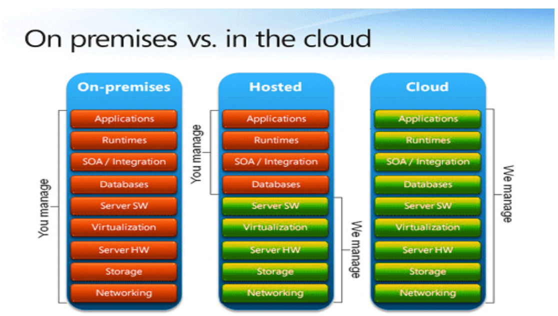
➢ **Wise Switch:** ITSP switching software works as trucking and switching platform for VOIP service providers. Compatible with protocols such as SIP, H323 and MGCP. Useful for bulk minutes termination and origination. Best platform for ITSP, ILD, Wholesale-Trading.

➢ **WiseCDR (*CDR tool):*** WiseCDR is a call detailed record based billing system which polls data real time from any Analog, Digital and VOIP equipment, compatible to integrate with voice loggers, detailed billing with customizable slabs, RTU integration.

(II) IT SUPPORTS PRODUCTS:

➢ **Eagleeye: Eagleeye** is Network Management System that can monitor complete enterprise IT equipment health condition and performance basing ping, services and snmp based data polling.

➢ **Cloud computing**



Taksheel understands demand of SaaS has fine tuned existing products and developing future products keeping cloud computing in view. Most of our products are offered in standalone and hosted or SaaS mode so that it can increase business volume. Our products and services cover complete enterprise requirements of IT & Telecom such as mail, web, ftp, database, IT security, and virtualization.

Business growth with easy affordable offerings:

- Hosted IPPBX system is a shared pbx platform which serves as dedicated pbx system for an enterprise; instead of incurring capex on standalone pbx system they client can opt for hosted pbx system.

- Hosted CCM system is 3G feature aggregated shared contact centre manager integrated with crm, this serves both in house and virtual contact centre operations.

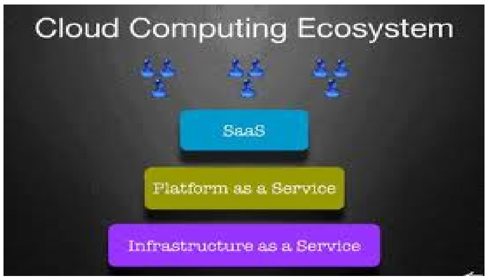
- Hosted IVRS & SMSC platform is a shared value added services platform which helps enterprises and retails business to advertise their offerings to clients.

- Hosted Telemedicine System serves to health care clients such as pharma, hospitals and other para-medical service providers in extending their service over telecom using TDM, VOIP, 3G and other technologies.

- Hosted Surveillance system is shared IP surveillance system integrated with public addressing system which supports 3G and other existing technologies suitable for manufacturing, development, service, warehouses monitor, point of sale (POS), workshops, service centers, restricted areas.

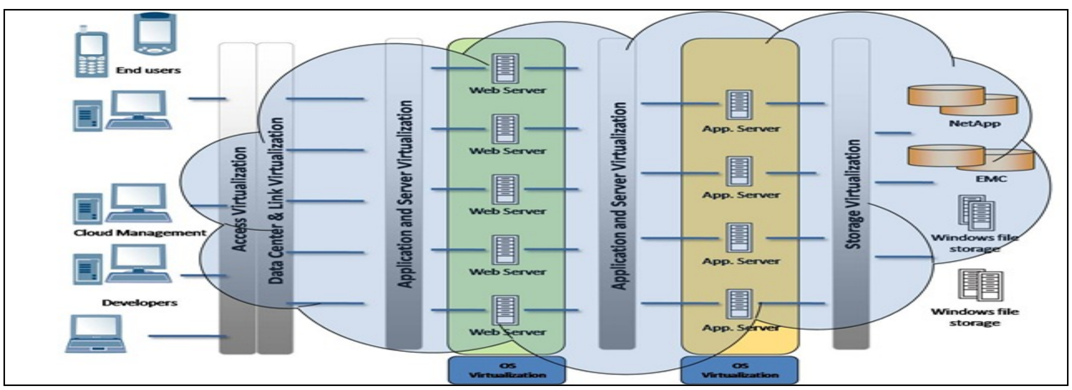
Service offering: Understanding the upcoming demand of cloud computing all our services are offered in 3 modes:

1) Software as a Service (SaaS)
2) Platform as a Service (PaaS)
3) Infrastructure as a Service (IaaS).



Existing network architecture of Taksheel cloud computing (SaaS):

Cloud Software builds on Cloud Infrastructure Similar to SaaS, Cloud Software provides instant gratification, taking mere minutes to be up and running. Depending on the vendor, Cloud Software is as easy to maintain and update as SaaS, and is of course globally accessible



Off shore development service & support:

As part of our business model we had been providing offshore technology support, platform aggregation and software development service to most of our customers who do not have in house or wanted to outsource their technology support and platform aggregation to 3rd party. Hence keeping view of MVNO & other customers we had established in house development & support team to render their expertise to the off shore customers. The idea of providing Offshore Development Service to customers is to attract with the turnkey solution for their business requirements.

Offshore development & support focused domain:

- Telecom Support: End-to-end support in telecom enterprises opted for SaaS & On premises products & solutions.
- MVNE: Complete end-to-end operation, MVNO technology support end-to-end.

- Open Source Solution Support: Support for all the open source IT &Telecom applications of content providers & other enterprises.
- Infrastructure Management Services: IMS service consists of 3 tier support system for in house developed & 3rd party products implemented at customer place. Whereas tier1 handles basic installation support and simple help, under tier 2 we support for all the bugs & version upgrades and changes, tier 3 takes care any major failures, service downtime and all other critical issues such as hardware failure, replacement and onsite resource support.

Taksheel being focused on IT & Telecom customers are classified into 4 segments.

1) IT & ITES
2) Non IT enterprises & industries
3) Government & Public under takings, Law enforcement, Public safety
4) Telecom: Direct operators, MVNO’s, Content providers and other ITSP’s (Aggregator Services).

IT & ITES customers includes software development, IMS, System and network integration, contact centers and other offshore software & hardware development and maintenance business.

Non IT enterprises & industries are customers from different areas of business such as Pharma, Health care, Industrial Manufacturing, Automobiles, BFSI and other business groups.

Government & other Public undertaking covers domestic & international Government, Defense and other public undertakings focused on e-governance & complete IT implementation for smooth governance.

Telecom: Direct operators, MVNO’s and other ITSP’s are carrier handle direct subscribers providers, virtual network operators providing service to subscribers indirectly on their brand name without owning technology infrastructure, content providers are who had developed the content and looking for technology & support partners for their content delivery, Internet Telephony Service Providers (ITSP) are into business of providing calling card, call back and other direct internet protocol based voice business.

We offer IT solutions in Business Intelligence, Data warehousing, Strategic consulting, offshore Outsourcing, Application Development and Maintenance, which focus on banking, financial services and insurance sectors. In addition, Our IT Services practice provides end-to-end cycle of designing, developing and implementing its clients' applications on a wide variety of architectures and platforms. We offer these solutions through onsite, offsite and offshore development methodology by leveraging the global delivery model and utilizing delivery centers based in Hyderabad, India and New Jersey, USA.

The outline of our service offerings is given below:

a. Business Intelligence

Business Intelligence (BI) helps organizations in business decisions. BI enables organizations to extrapolate information on key indicators in the macro environment and make forecasts of future trends or economic conditions. BI tools help organizations gather business intelligence so that they can use it proactively in decision-making before any competitor.

Our reporting tools help generate regular and timely information, with the ability to create customized reports or queries to get specific details. Our OLAP (Online Analytical Processing) tool, with multiple dimensions, enables to obtain information across various time dimensions and other factors to discern the emerging trends in key factors of business. Our BI solution helps clients have key performance metrics, while managerial dashboards supply contextual information in an understandable format.

b. Data warehousing

We provide a complete range of data warehouse services including Strategy Consulting, Systems Architecture and Systems Implementation. Our consultants are experienced in deploying mission-critical data warehouse solutions of varying architectures and sizes for financial services. Our capabilities include expertise in ETL (Extract-Transform-Load), using third-party products and reporting application (using query and OLAP tools).

c. Offshore Outsourcing

We have developed a state-of-the-art facility at Hyderabad, India to provide Off-shore Services to our clients. The off shore facility is fully equipped with the required infrastructure to support customer needs and has a full-fledged network in place. Our off-shore facility is currently connected to the New Jersey office through a dedicated link and already has Voice and Data Communication capabilities. We have also implemented Video Conferencing facilities to ensure better communication.

d. Application Development and Maintenance

(i) Application Development

Our applications, business processes and methodology have been proven over the years to allow a seamless application development starting with business rules that guarantees the most effective results for any project, and at any stage to be delivered. We are equipped to provide a tailored solution around those needs, in order to carryout deliverables in a combination environment of, or exclusive setting in, an Onsite, Offsite or Offshore model.

Custom Application Development

- Application Enhancement
- Re-Engineering of Existing Application
- Migration of Legacy Application to Modern Technology Platforms
- Web enabling Legacy Applications

Our application development process consists of a complete Software Development Life Cycle. Phases in this Life Cycle include Requirement Analysis, Architecture, Design, Development, Unit Testing, System and Integration Testing. Our expertise in methodologies like Waterfall and Iterative (Rapid Application Development-RAD) and architectures like Service Oriented Architecture result in quick and cost effective solutions

(ii) **Application Maintenance**

Managing enterprise information systems is a complex affair often forcing IT departments to allocate a substantial portion of their budgets and personnel to the day-to-day maintenance of these systems .We help alleviate the "IT-squeeze" by shouldering their ongoing maintenance burden, thus reducing the total cost of ownership. We provide dedicated teams of professionals who oversee the day-to-day activities while optimizing the performance of applications.

Our proactive maintenance approach is designed to quickly identify and rectify the problems, prevent these problems from recurring again and provide improved functionality. By outsourcing the maintenance activities organizations free themselves to concentrate on more strategic, core business-driven initiatives.

Our methodology in Application Maintenance consists of the following steps:

- Application Study: A thorough understanding of the application is performed to gain expertise on the business need and the technology/platform on which the application is developed.

- Defining the Service Level Agreements: Based on the thorough understanding of the application, Service Level Agreements are defined. The SLAs define priority in terms of response time and approach to solving the problem
- We take ownership: This phase is known as shadowing, where our professionals take full responsibility along with our clients staff. The time and effort for this phase is pre-determined
- Status Reporting: During the application maintenance of the project, reports are submitted to the client on a regular basis regarding the problems encountered

Our offshore support centre delivers responsive high-quality 24/7 supports for your mission critical systems, applications and infrastructure. We have experienced IT professionals for project maintenance in the following areas:

- Remote Database Management & Administration
- Client/Server and Web applications using Microsoft and J2EE methodologies
- Legacy Applications

Our Business Model

Our business model is woven around products/solutions from various vendors, which can be built into our applications frameworks. We have a very flexible global delivery model that implements/delivers the solution quickly onsite/offsite/offshore under ISO 9001-2000 quality framework.

- Our business model can be classified as under:
- Engagement model (How a contract is structured) – Fixed Price/Time, Time and Materials, Partnerships and Revenue/Risk Share and BOT.

1) Delivery model (Where the work is executed) – Onsite, Offshore, Hybrid Models

1) Engagement Model

There are several engagement models to suit a client's business model, each offering a clear value proposition for an onsite business partner and an offshore team. The objective of an engagement model is to provide an offshore team to the business partner while adjusting the levels of commitment, control and investment required generating the desired results and cost saving through offshore economics.

As the environment for business and technology services is evolving, customers are increasingly demanding the flexibility to choose their own mix of risk and control factors for each of their initiatives. We offer a variety of engagement models to suit the varied commercial and management parameters of your projects. Our clients can choose from the following engagement models to suit their requirements.

a. Fixed Price/ Time
b. Time & Materials
c. Partnerships and revenue /risk share

a. Fixed Price/Time

This model provides low risk and assures you of both a guaranteed fixed price and delivery date. This approach can be employed when the scope and specifications of the project are reasonably clear. Deliverables, costs and timelines are precisely documented in order to support the strong project management methodology required to meet delivery terms. A phased approach that includes scoping, development, implementation and business support is followed. Additionally, by combining the fixed price/fixed time model with our "right-site" globally distributed implementation capabilities, we can offer customers a tremendous cost advantage while providing low-risk and effective control of the implementation process

b. Time & Materials

In this model, we form project teams with the required resources and project managers. The teams are provided equipment and infrastructure based on project requirements. Customers pay periodic charges in proportion to the resources applied. This model offers the flexibility to adjust the team size and composition at any point if variations in the project plan occur. Because of the immediate control this approach provides, most of our services that are delivered on-site, at the client's location, use this business model. Time and materials engagements most often include the largest opportunity for interfacing and collaboration between client resources and us. Our resources are selected based on reviews of both technical skills and interpersonal qualities. They are motivated, highly competent consultants who work seamlessly with client teams to achieve project objectives while making a positive contribution to the work environment.

c. Partnerships and revenue /risk share

IT projects are undertaken to provide cost savings, higher productivity, or increased revenue opportunities. As with any strategic initiative, there are associated risks. We are confident in our ability to deliver measurable business benefits. Therefore, in many cases we can link our project fees with the actual business benefit our clients realize. Revenue/Risk Share models are popular amongst emerging businesses or technology companies. We can invest and share the development costs in return for jointly owning the Intellectual Property (IP) and sharing revenue streams. Under this business model we share the risks involved in developing and marketing a product along with our customers.

Location of the Project:

Facilities and Infrastructure

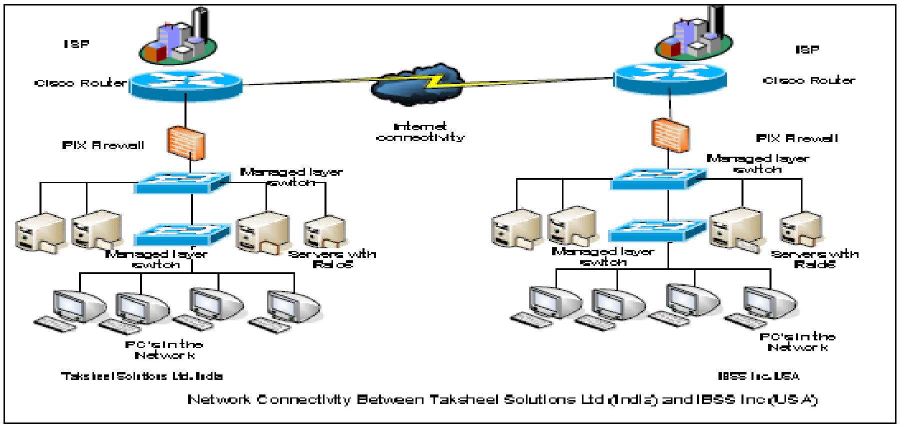
Our global delivery center is located at Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India, India and Over seas Branch office is located at 901, Market street suite 480, Wilmington, DL 19801 in the state of Delaware. Our offices and software development centers are well equipped with air conditioning, uninterrupted power supply, connectivity, security and latest workstations. The Business development centers at Hyderabad are equipped with the suitable infrastructure.

The infrastructure & facilities can be classified as follows:

1) Collaboration & Communication Infrastructure;
2) Network Infrastructure & Security

Collaboration & Communication Infrastructure

- Video Teleconferencing infrastructure and VOIP phones to foster client and delivery team collaboration;
- Centralized firewalls, anti-virus and anti-spyware software’s to counter virus, spyware, and spam ware attacks;
- Array of servers for database, product testing, hosting, file servers, and domain controllers.



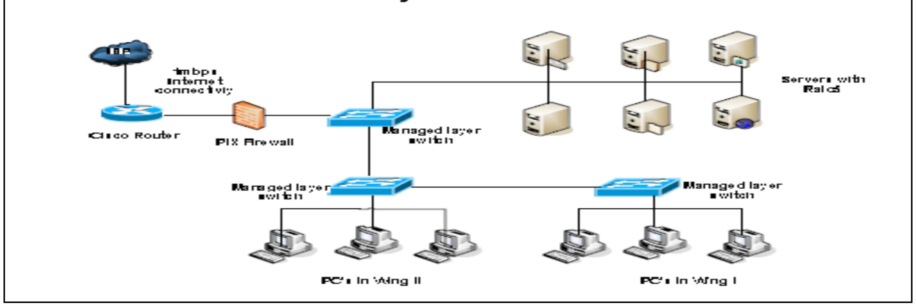
Network Connectivity Between Taksheel Solutions Ltd (India) and IBSS Inc (USA)

Network Infrastructure & Security

We have fail-safe networked office comprising array of firewall equipment, outers, and domain controllers for internal connectivity. The network is connected through a firewall to outside world of Internet through a 1 MBPS line. To avoid dependencies & disruptions, there is a back up line from another service provider to which the entire load shifts based on need.

Network security is of paramount importance, in view of the virus and spy ware, Spam ware attacks. Taksheel Solutions Limited has installed centralized firewalls, anti-virus software and also every server and desktop has anti-spy ware software installed.

Network Layout for Taksheel Solutions



Employee Profile

We are in a knowledge-driven industry and we believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best people possible. We believe that a combination of our working environment and competitive compensation programs, allow us to attract and retain people. All the employees for our operations are directly hired on the rolls of our company or our subsidiary company. Multi stage induction and skill enhancement training programs are conducted to prepare our employees for the desired performance levels. We have a performance appraisal system, which plays a key role in identifying and encouraging employees with required skill sets and by rewarding exemplary performance. Employees are offered cross-functional responsibilities to enhance the skills and an entrepreneurial culture has ensured that the job content is deeply enriching for our employees.

Our staffs consist of skilled technical specialists and project managers trained to implement state-of-the-art systems. We have diversified technology base and experienced resource pool. As on December 25th 2010, the total employee strength of our company is 38, the break up of which is as under

Department	No of Employees
Skilled & Technical Personnel	32
Sales and Administrative personnel	6
Total	38

Recruitment

We have developed processes to evaluate and recruit large numbers of employees. Our hiring is driven by annual manpower plans, which are adjusted based on business visibility on a periodic basis. We recruit talent from premier universities, colleges and institutes in India, Recruitment agents/ headhunters, through advertisements published in newspapers, internet and through employee referrals/network. Our rigorous selection process involves a series of activities including case and group interviews, and technical tests. We also recruit experienced hires, including foreign nationals for our business requirements. All new hires are inducted in our organization through a structured program, which involves extensive training as well as mentoring.

Training and Development

We place special emphasis on training our employees to enable them to develop their skills and to meet our changing requirements. We emphasize induction and mentoring during the first six months of warming up to the job. We invite visiting faculty that includes our senior management, senior employees of our clients and recognized academicians. We utilize the services of professional training organizations. Our training focuses on developing skilled professionals with a global mindset. We impart functional, technical and life skills in our training programs.

We nurture a learning and innovative culture. We periodically conduct employee satisfaction surveys. We have both formal and informal social get to know others meetings. We strongly believe in employee rewards and praising in public.

Human Resource Philosophy

Our Human Resource philosophy is centered on empowerment with a strong sense of respect for individuals and their potential. In this direction, our organization constantly encourages and supports freedom of ideas and enterprise. We encourage employees to: -

- Develop relationships that celebrate diverse ideas, and perspectives.
- Have a sense of enterprise with rewards for results
- Celebrate achievements and reward for superior performance
- Provide appropriate working conditions and resources to enable people to do their work.
- Respect co-workers irrespective of nature of work and responsibilities

Compensation and Performance Management

Our compensation policy is performance based and we believe it is competitive. Our HR team conducts periodical salary surveys. Senior employees are eligible for variable compensation depending upon attainment of pre-defined objectives. Our performance management system relies on key performance indicators, quarterly reviews and annual reviews. These reviews provide an opportunity for the employee to understand better about what is expected of him and also ascertain the training needs and review the career plans.

Incentives and rewards

Incentives and rewards are tied to short-term business goals and are announced to motivate people to achieve the targets and targeted dates. All our people agree with us that our incentive schemes are the best in the industry

COMPETITION

The IT services market is highly competitive. The increasing attractiveness of this industry is forcing the overseas-based competitors to expand their base in India. In the future we expect competition from firms establishing and building their offshore presence and firms in countries with lower personnel costs than those prevailing in India. However, we recognize that price alone cannot constitute sustainable competitive advantage. The competitors have also indulged in aggressive poaching of talent, especially for experienced IT professionals.

APPROACH TO MARKETING AND PROPOSED MARKETING SETUP

As a provider of niche service, we are conscious of the importance of our marketing efforts in facilitating client acquisition. We have a dynamic marketing team that has developed several initiatives to expand the universe of clients that we can potentially acquire in our target markets.

Our team of sales and marketing is organized by region and report to the business heads. We have the marketing support team based in India that coordinates the production and distribution of marketing materials, such as product brochures and market reports. In addition to the sales and marketing executives, we have industry experts, sales specialists and solution architects who complement our teams' efforts by providing specific industry and service offering expertise. Our senior management is actively involved in maintaining client relationships and business development through interaction with different levels in the client organization. In addition, for strategic clients, an identified senior executive has responsibility for overall client development and leads periodic reviews with the client.

Our marketing initiatives include participating in major industry events, sponsoring user group, events and seminars, and participation in industry trade groups. We have regular contact with industry research organizations, and are trying to establish relationships with academic institutions.

PROPERTY

Our Company conduct the operations from the following properties: -

S.No	Details of Deed / Agreement	Nature of right granted	Particulars of the premises
1	Lessor: Lanco Hills Technology Park Private Limited	Lease	Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India
2	Taksheel Solutions Ltd	Lease	901, Market Street Suite 480, Wilmington, Delaware 19801

Purchase of Property

Except as stated in "Objects of the Issue" on page 36, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or the amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, our Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

TRADEMARKS

For details relating to the intellectual property owned by our Company. Please refer in the paragraph titled "Intellectual Property Rights" in the chapter titled "Government and other Approvals", on page 158 of this Draft Red Herring Prospectus.

INSURANCE DETAILS

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with the industry standards. Further, our contractual obligations also require us to obtain specific insurance policies.

We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have taken group personal accident and group medical insurance policies for the benefit of our people covering risks against bodily injuries. Our employees are covered by a group life insurance policy. We have also taken commercial general liability insurance to cover against risks of damage to our property, including fire damage and loss of profits.

KEY INDUSTRY REGULATIONS AND POLICIES

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

Information Technology Act, 2000

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

TRADE MARKS ACT, 1999

The Indian law of trademarks is enshrined in the Trade Marks Act; The Trade Marks Act seeks to provide for the registration of trademarks relating to goods and services in India. A trade mark means a mark used in relation to goods for the purpose of indicating a connection in the course of trade between the goods and the proprietor. While registration of a trademark is not compulsory it offers better legal protection. Any person can apply for registration of a trademark to the Trademark Registry under whose jurisdiction the principal place of the business of the applicant in India falls. The term of a trademark registration is for a period of ten years. The renewal is possible for further period of 10 years each.

There is no system as yet wherein a single trademark application is sufficient to protect the trademark right internationally. However, Paris convention to which India is a party provides certain privileges to member countries in trademark registration. A party that files their first trademark application in a member state of the Convention, such as India, can within six months of that filing date file applications in other member countries claiming the priority of the first application. If such a trademark is accepted for registration it will be deemed to have registered from the same date on which the application is made in the home country.

THE PATENTS ACT, 1970

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

1. Technical applications of computer programs to industry; and
2. Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005, does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs *per se* from patent protection. The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence not patentable), inter alia, by the existence of:

1. Any earlier patent on such invention in any country;
2. Prior publication of information relating to such invention;
3. An earlier product showing the same invention; or
4. A prior disclosure or use of the invention that is sought to be patented.

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post-grant. The grounds for such patent opposition proceedings, *inter alia,* include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere. The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period. The Controller of Patents is required to obtain the prior consent of the Central Government before granting any such permission in respect of inventions relevant for defence purpose or atomic energy.

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

COPYRIGHT ACT, 1957

The Copyright Act, 1957 ("Copyright Act") protects original literary, dramatic, musical and artistic works, Cinematographic films and sound recordings from unauthorized use of such works. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea. The object of copyright law is to encourage authors, artists and composers to create original works by rewarding them with exclusive right for a fixed period to reproduce the works for commercial exploitation. Copyrights subsist in following class of works:

a) Original literary, musical, dramatic and artistic works
b) Cinematograph films
c) Sound recordings

Under the copyright law the creator of the original expression in a work is its author who is vested with a set of exclusive rights with respect to the use and exploitation of the work. The author is also the owner of the copyright, unless there is a written agreement by which the author assigns the copyright to another person or entity, such as a publisher. Where work is done under a 'work for hire' agreement, the copyright vests with the hirer, i.e., the person providing the work. The owner of copyright in a work can assign or license his copyright to any person, such as publisher, under a written agreement. Copyright subsists in a work since the time it comes into being. Therefore, registration of copyright neither creates any rights nor precludes enforcement of the existing ones. However, owing to its evidentiary value, a registered copyright is easier to establish in the court of law. The term of copyright varies across different types of works. In the case of broadcasts, the Act grants "broadcast reproduction rights" to broadcasting organizations which subsist for 25 years.

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

Special Economic Zones Scheme

The Government of India had announced a SEZ scheme in April, 2000 with a view to provide an internationally competitive environment for exports. The objectives of SEZs include making available goods and services free of taxes and duties supported by integrated infrastructure for export production, expeditious and single window approval mechanism and a package of incentives to attract foreign and domestic investments for promoting export-led growth. The functioning of the SEZs is governed by a three tier administrative set up. The Board of Approval is the apex body and is headed by the Secretary, Department of Commerce. The Approval Committee at the Zone level deals with approval of units in the SEZs and other related issues. Each Zone is headed by a Development Commissioner, who is ex-officio chairperson of the Approval Committee.

Benefits under the SEZ Scheme

Duty free import / domestic procurement of goods for development, operation and maintenance of SEZ units. 100% Income Tax exemption on export income for SEZ units Section 10AA of Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years. Exemption from minimum alternate tax under section 115JB of the Income Tax Act. External commercial borrowing by SEZ units up to US $ 500 million in a year without any maturity restriction through recognized banking channels. Exemption from Central Sales Tax. Exemption from Service Tax. Single window for central and state level approvals. Exemption from State sales tax and other levies as extended by the respective State Governments.

FEMA REGULATIONS

Foreign investment in India is governed primarily by the provisions of FEMA which relates to regulation primarily by RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, ("FDI Policy") and the FDI Policy issued by the DIPP (Circular 2 of 2010, with effect from October 1, 2010).

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As specified by the FEMA Regulations, no prior consent and approval is required from the FIPB or the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

FOREIGN EXCHANGE MANAGEMENT (TRANSFER OR ISSUE OF ANY FOREIGN SECURITY) REGULATIONS, 2004

A person resident in India may purchase a foreign security out of funds held in Resident Foreign Currency (RFC) account maintained in accordance with the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000. An Indian Company may make direct investment in a Joint Venture or Wholly Owned Subsidiary outside India provided that the total financial commitment of the Indian Company in the Joint Ventures/Wholly Owned Subsidiaries shall not exceed 400% of the net worth of the Indian Party as on the date of the last audited balance sheet. Application for direct investment in a Wholly Owned Subsidiary outside India, or by way of exchange for shares of a foreign company, shall be made in Part I of the Form ODI. Reserve Bank will allot a unique Identification Number for each Joint Venture or Wholly Owned Subsidiary outside India and the Indian Party shall quote such number in all its communications and reports to the Reserve Bank and the authorised dealer.

A Joint Venture/Wholly Owned Subsidiary set up by the Indian party as per the Regulations may diversify its activities /set up step down subsidiary/ alter the shareholding pattern in the overseas entity. Provided the Indian party reports to the Reserve Bank, the details of such decisions taken by the Joint Venture/Wholly Owned

Subsidiary within 30 days of the approval of those decisions by the competent authority concerned of such Joint Venture/Wholly Owned Subsidiary in terms of local laws of the host country, and, include the same in the Annual Performance Report required to be forwarded annually to the Reserve Bank.

REGULATIONS REGARDING FOREIGN INVESTMENT

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 2 of 2010' (the "FDI Circular") which consolidates the policy framework on FDI, with effect from October 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till September 30, 2010. All the press notes, press releases, clarifications on FDI issued by DIPP till September 30, 2010 stand rescinded as on October 1, 2010. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Investment by FIIs

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time ("FII Regulations"). The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

- Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations ("FDI Route").
- Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations ("PIS Route").

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24% of its total paid-up capital. The said 24% limit can be increased up to 100% by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

LAWS RELATING TO EMPLOYMENT

The Minimum Wages Act, 1948

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities, or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Andhra Pradesh Shops and Establishments Act, 1988

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

The main objectives of the Shops and Establishments Act is to

1. Regulate the working & employment conditions of the workers employed in shops & establishments, including, commercial establishments.
2. Fix the number of working hours, rest intervals, overtime, holidays, leave and termination of service.

The Company having its registered office at Hyderabad, Andhra Pradesh, the provisions of the Andhra Pradesh Shops and Establishments Act, 1988 are applicable to the Company and the Company is registered under the Act.

The Payment of Gratuity Act, 1972 (the "Gratuity Act")

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease.

Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "EPF Act")

The EPF Act provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Payment of Bonus Act, 1965 (the "Bonus Act")

Pursuant to the Bonus Act an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year, is eligible to be paid a bonus.

Employees State Insurance Act, 1948 (the "ESI Act")

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto.

Equal Remuneration Act, 1979 ("ER Act")

The ER Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotions etc.

Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act, 1979

The Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act, 1979 is applicable to an establishment, which employs five or more inter-state migrant workmen through an intermediary (who has recruited workmen from one State for employment in an establishment situated in another State). The inter State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, travel expenses etc.

Tax Related Legislations
Value Added Tax, 2005

Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

Income Tax Act, 1961
Income Tax Act, 1961 is applicable to every Domestic /Foreign Company whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (monthly/ quarterly/ annually) as required by the State Sale Tax laws of the assessing authority together with treasury challan or bank receipt in token of the payment of taxes due.

Service Tax

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service tax Rules the assesses is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

Importer Exporter Code

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

Regulations and Policies relating to our Operations in Overseas Jurisdictions

The following is a summary of the regulations and policies of overseas jurisdictions that the Company and its foreign subsidiaries may be subject to. Our Company operates in a number of jurisdictions around the world, so this summary cannot be and is not intended to be exhaustive.

United States

The following legislations apply or may apply to processes the Company carries out for its clients in the United States:

- The Fair Debt Collection Practices Act;
- The Fair Credit Reporting Act;
- The Gramm-Leach-Bliley Act;
- The Health Insurance Portability and Accountability Act of 1996;
- The Truth in Lending Act;
- The Fair Credit Billing Act;
- "Do Not Call" legislation; and
- U.S. Federal Deposit Insurance Corporation, or the FDIC, rules and regulations.

HISTORY AND CORPORATE STRUCTURE

History

Our Company was set up in 1999 with a vision of simplifying Information Technology for business. Our Company has since than evolved to emerge as a specialized solutions provider offering Wealth Management Technology Solutions, Telecom Solutions, Business Intelligence, Data Warehousing, Application Development and Application Maintenance.

Our Company was incorporated on 23rd September 1999 as IBSS Techno-Park Private Limited at Hyderabad, Andhra Pradesh, under the Companies Act, 1956. Subsequently, the name of the Company was changed to Taksheel Solutions Private Limited on 29th November 2006. Later, converted into a Public Limited Company by passing the Special Resolution in the Extra-Ordinary General Meeting held on 06th December 2006 and the Registrar of Companies, Andhra Pradesh, Hyderabad had issued a fresh certificate of incorporation consequent on such conversion on 28th December 2006. The Company is engaged in the business of providing Information Technology services to Wealth Management Service providers. Our Company's CIN is: U72200AP1999PLC032556.

Our Promoters are Mr. Ramaswamy Kuchana and Mr. Pavan Kumar Kuchana (*Individuals*) and Lexicon Private Limited (*Corporate Promoter*). Mr. Pavan Kumar Kuchana is the present Chairman and Managing Director of the Company with a vision to carry forward and to build a global organization with a focus on delivering value to customers.

The Company's solutions/services, in general technical areas, include the following:

- Wealth Management Solutions
- Telecom Solutions
- Application Development & Maintenance
- Data Warehousing & Business Intelligence
- Offshore Outsourcing

CHANGES IN REGISTERED OFFICE OF THE COMPANY

The table below shows the changes in the Registered Office of the Company since Incorporation:

Effective date	Address	Reason of change
23.09.1999	8-3-1027/1, 152C, Sreenagar Colony, Hyderabad.	Registered office at the time of incorporation.
08.01.2000	No: 6-3-249/3/2, Naveen Nagar Colony, Khairtabad, Near Road No.1, Banjara Hills, Hyderabad – 500004	Administrative convenience
02.05.2001	8-2-502/1/AG, 2nd Floor, Uma Aishwarya House, Road No.7, Banjara Hills, Hyderabad - 500 034.	Administrative convenience
30.03.2009	Survey No-201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad-500089	Administrative convenience

Major Events and Milestones of our Company

YEAR	EVENT
1999	IBSS Techno-Park Private Limited was Incorporated
2000	Expansion of IBSS Techno-Park Private Limited to support US operations
2000	Setting up of 150-seat capacity at Hyderabad
2001	Entered into Banking, Financial Services and Insurance (BFSI) Sector
2003	Received ISO 9001:2000 certification

2005	By 100% acquisition, International Business Software Solutions (IBSS) Inc., New Jersey based IT and ITES Solutions providers become the Wholly Owned Subsidiary of Taksheel Solutions Limited.
2006	Converted into Public Limited Company
2007	Acquired Business Intelligence and Data Warehousing business of Dataformix Technologies Inc., USA
2009	Company has Set up a new SEZ unit at Lanco Hills Technology Park Private Limited (SEZ) Hyderabad
2009	Telecom Software products was acquired from Verisoft Business Solutions Private Limited
2010	Dis-investment of 100% subsidiary of International Business Software Solutions (IBSS) Inc, a New Jersey, USA

Main Objects as per Memorandum of Association

The main object of our Company, as contained in our Memorandum of Association, is as set forth below:

1. *To carry on the business of manufacturers, importers, exporters, assemble, wholesale and retail dealers, agents, and franchise holders of and in all kinds of computers, computer software, computer peripherals, and control equipments, electrical and electronic and electronic gadgets.*

2. *To Carry on the business of import, export, wholesale and retail dealers, agents, franchise holders, developer and manufacturers of and in all kinds of and in all kinds of Internet equipments, modems, computer software or/ and hardware suitable for any field including communication through, and to act as dealers, agents, contractors, manufacturers of control equipment's, computers, computer peripherals and all electrical and electronic gadgets including supplying, storage, standby, control, regulating and other allied products of every kind and description required for the same.*

3. *To carry on the business of recruitment agent, placement services, Consultancy services or/ and training in development, installation and use of the above software and hardware and computer peripherals or other necessary accessories.*

4. *To act as commission agents, stockiest, representatives, distributors and clearing and forwarding agent, technical consultants, authorized service centers of all computers, electronic and electrical gadgets including supplying, storage, standby, control, regulating and other allied products.*

CHANGES IN MEMORANDUM & ARTICLES OF ASSOCIATION OF THE COMPANY

Date of Resolution	Nature of alteration
30.10.2000	***Change in Capital Clause*** The Authorised Share Capital was increased from 2,50,000 Equity shares aggregating to Rs. 25,00,000 to 15,00,000 Equity shares aggregating to Rs.1,50,00,000.
31.10.2005	***Change in Capital Clause*** The Authorised Share Capital was increased from 15,00,000 Equity shares aggregating to Rs.1,50,00,000 to 35,00,000 Equity shares aggregating to Rs.350,00,000.
20.09.2006	***Change in Capital Clause*** The Authorised Share Capital was increased from 35,00,000 Equity shares aggregating to Rs.350,00,000 to 150,00,000 Equity shares aggregating to Rs.15,00,00,000.
29.11.2006	***Change in Name Clause*** Name of our Company wad changed from 'IBSS Techno-Park Private Limited' to 'Taksheel Solutions Private Limited'

28.12.2006	***Change in Name Clause*** Name of our Company wad changed from 'Taksheel Solutions Private Limited' to Taksheel Solutions Limited.
30.04.2007	***Change in Capital Clause*** The Authorised Share Capital was increased from 150,00,000 Equity shares aggregating to Rs.15,00,00,000 to 200,00,000 Equity shares aggregating to Rs.20,00,00,000.
17.12.2010	***Change in Capital Clause*** The Authorised Share Capital was increased from 2,00,00,000 Equity shares aggregating to Rs.20,00,00,000 to 2,50,00,000 Equity shares aggregating to Rs.25,00,00,000.

Acquisitions

1. **Subsidiary**

Our Company had acquired the 100% stake in International Business Software Solutions (IBSS) Inc., on 26.12.2005. The salient features of the agreement are as follows: -

- Lexicon holds 100 equity shares comprising 100% of equity in IBSS Inc
- Lexicon transferred 100 Equity shares of IBSS Inc to the Company (Formerly IBSS Techno Park Pvt Limited) for a consideration of issue of 13,85,608 fresh equity shares of Rs. 10/- each of the Company, issued at par.
- The consideration was as per value Analysis of Common Stock by Pricewaterhouse Coopers of January 2003.

2. **Acquisition of Business Intelligence and Data Warehousing business of Dataformix Technologies Inc., USA (A unit of Lexicon):**

The Company as the 'Buyer' / Our Company had entered into a Share Purchase Agreement on 29th March 2007 with Lexicon Private Limited for the purchase of Business Intelligence and Data Warehousing business of Dataformix Inc. (A unit of Lexicon). The Company paid a consideration of Rs. 3430.79 Lakhs (Rupees Thirty Four Crores Thirty Lakhs and Seventy Nine Thousand) by way of allotment of 43,76,008 Equity Shares of Rs. 10/- each at a premium of Rs. 68.40 per share.

The terms and conditions of the agreement inter-alia include the following:

- Lexicon shall transfer and the Company shall acquire and assume the undertaking Business Intelligence and Data Warehousing business of Dataformix Inc (A unit of Lexicon) with such liens as may be existing or specified in respect of the liabilities taken over by it;
- Lexicon will transfer the title by delivery of possession to the Company of all the movable assets which can pass by delivery and otherwise by an instrument of transfer;
- Taksheel shall make an offer to Lexicon employees for employment;
- On or not later than 60 days from the date of this agreement, the Company shall allot its equity shares for a value of Rs. 3430.79 Lakhs divided into 43,76,008 Equity Shares of Rs. 10/- each at a premium of Rs. 68.40 per share;
- Stamp duty and other registration charges to be borne by the Company;
- Both parties agree to comply with necessary rules and regulations required for effecting the aforesaid transaction.

The consideration for purchase of/ acquiring of Dataformix (unit of Lexicon) is based on the valuation report of M. Bhaskara Rao & Co., Chartered Accountants dated February 2007. The shareholders of the Company at the Extra Ordinary General Meeting held on 30th April 2007 approved the purchase/ acquisition of Dataformix (unit of Lexicon) and the allotment of shares towards the same.

RAISING OF CAPITAL IN THE FORM OF EQUITY OR DEBT

Other than as disclosed in “Capital Structure” and “Financial Indebtedness” beginning on page 24 and 147 respectively of this Draft Red Herring Prospectus, our Company has not issued any capital in the form of equity or debt.

REVALUATION OF ASSETS

Our Company has not re-valued its assets since incorporation.

CHANGES IN THE ACTIVITIES OF OUR COMPANY DURING THE PRECEDING FIVE YEARS

There has been no change in the activities of our Company during the preceding five years.

INJUNCTIONS OR RESTRAINING ORDERS

Our Company is not operating under any injunction or restraining order.

MEMBERS

As on the date of this Draft Red Herring Prospectus our Company has 33 shareholders.

OTHER AGREEMENTS

We are not a party to nor have we entered into any other material contract not being a contract:

a. Entered into in the normal course of business carried on, or intended to be carried on, by our company; or
b. Entered into more than two years before the date of this Draft Red Herring Prospectus.

STRATEGIC PARTNERS

Our Company does not have any strategic partners as on date of this Draft Red Herring Prospectus.

FINANCIAL PARTNERS

Our Company does not have any financial partners as on date of this Draft Red Herring Prospectus

OUR MANAGEMENT

As per the Articles of Association, the number of Directors of the Company shall not be less than three and unless otherwise determined by the Company in General Meeting not more than twelve. Our company is currently managed by the Board of Directors, Comprising of 5 (five) Directors. The Board of Directors who sets policy guidelines and the other Key Personnel are responsible for day to day management of the Company.

The Following table sets out the current details regarding our Board as on the date of filing of this Draft Red Herring Prospectus.

Our Board

Sr. No	Name, Designation, Address, Date of Birth (DOB), Nationality, Qualification, Occupation and DIN	Date of Appointment as Director and Term	Details of other Directorships / Partnership / Trusteeship / Proprietorship
1	**Mr. Pavan Kumar Kuchana** Designation: Chairman and Managing Director Residential Address: Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India DOB: 27.04.1968 Nationality: Indian Qualification: B.Tech. (Electronics & Communication) & M.S. Computer Science Occupation: Business DIN: 00912842	25.05.2000	**Indian** Nil **Foreign:** • Lexicon Private Limited
2	**Mr. Ramaswamy Kuchana** Designation: Director Residential Address: Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India Nationality: Indian Occupation: Business DOB: 02/07/1943 DIN: 00911738	26.06.2008	NIL
3	**Mr. Venkata Ramana Nadimpalli** Designation: Independent Director Residential Address: Flat No.201, Indra Dhanush Pavani Estates, Road No.2, Banjara Hills, Hyderabad, 500034; Andhra Pradesh Qualification: PGDBM from Indian Institute of Management (IIM), Ahmedabad Nationality: Indian Occupation: Business DOB: 25.01.1957 DIN: 00040072	02.05.2007	• Indian Agri Business Systems Pvt Limited • Indian Society of Agro Business Professionals • Indian Grameen Services • C-Tran Consulting Limited • United Care Development Services

4	**Mr. Vijay Kumar Devarakonda** Designation: Independent Director Residential Address: H.No:11-2-472/15,Namalagundu, Mahamoodguda Ward, Sithaphalmandi Post, Secunderabad- 500006 Nationality: Indian Qualification: PGDBM from Indian Institute of Management (IIM), Bangalore Occupation: Business DOB:21-01-1967 DIN:01768820	05.08.2010	***Indian*** • Lefoli Educational Services Pvt Ltd • PlaceSmart Educational Services Pvt Ltd • MEdRC Edutech Ltd • Indus World School ***Foreign*** • Blue Sky Solutions & Services Pte Ltd
5.	**Mr. Pramod Chada** Designation: Independent Director Residential Address: P. No 41, F No 404, Tulips Residency, Kondapur, Ranga Reddy District-500084 Nationality: Indian Qualification: M. Tech Occupation: Business DOB: 06-03-1968 DIN: 03279131	05.08.2010	NIL

Brief Biographies of our Directors

Mr. Pavan Kumar Kuchana

Mr. Pavan Kumar Kuchana, 42 years, is a Chairman cum Managing Director of the Company. He holds Bachelors Degree in Electronics and Tele-communications from Nagpur University and Masters in Computer Science from City College of New York (CCNY), City University, New York. Prior to joining Taksheel, he founded IBSS Inc in New Jersey in 1995. Mr.Kuchana has more than 17 years of experience in the industry. Since inception of the Company, Mr. Pavan has taken an active role to build a global organization with a focus on delivering value to customers. In the year 2000, he became the Director of the Company and in the year 2006, he was appointed as the Managing Director. Mr. Pavan provides Taksheel with a track record in developing "go to market" models, leveraging his skills in defining market opportunities, optimizing Company's resources to deliver solutions to these markets, and to build substantial barriers to entry.

Mr. Ramaswamy Kuchana

Mr. Ramaswamy Kuchana, 67 years, is the core promoter of the Company. Mr. Ramaswamy was joined the forest department under the Government of Andhra Pradesh in 1964 and has put in more than three decades of service before retiring as Forest Range Officer. He is the father of Mr. Pavan Kumar Kuchana, Chairman and Managing Director of the Company. He was instrumental in setting up the offshore development center at Hyderabad, India, and in procuring the land from Government of Andhra Pradesh, for construction of the proposed development center at Warangal. His leadership skills and administrative experience were of immense help to the Company, in its formative years.

Mr. N.V. Ramana

Mr. N.V. Ramana, 53 years, is an Independent Non-Executive Director of the Company. Mr. Ramana is a Post Graduate in Business Management from Indian Institute of Management (IIM), Ahmedabad and a Graduate in Dairy Technology from National Dairy Research Institute, Karnal. He has over 27 years of experience. Mr. Ramana served as Managing Director of Krishna Bhima Samruddhi (KBS) Local Area Bank, which is a pioneer in micro savings, bank on wheels and other deposit based insurance services in the under banked areas. He has successfully introduced weather derivatives (Rainfall Insurance) in the market through KBS Bank for risk mitigation of the small dry land farmers in Andhra Pradesh. He worked for ITC group for over two decades at various levels of management in the areas of procurement, commodity trading, processing, marketing and exports of agricultural commodities.

Mr. Vijay Kumar Devarakonda

Mr. Vijay Kumar Devarakonda, 43 years, is an Independent Non-Executive director of the company. He is an Engineering Graduate from Osmania University, College of Engineering, Hyderabad and a Post Graduate in Management from Indian Institute of Management, Bangalore (IIM Bangalore). Mr. Vijay brings 18 years of experience in Education, Information Technology and Consulting arena. With his down to earth and on the ground approach he has successfully launched and given shape to many business units and start-ups. A strategic thinker with a passion for new ideas and a reputation of being highly innovative and results oriented. Demonstrated ability to handle multiple business lines simultaneously. Innate ability to interpret industry trends to articulate potential risks and rewards, in seeking out new opportunities. He has good experience in business partnering and contract negotiation. Mr. Vijay has worked with Aptech, Sapphire technologies – USA and career launcher.

Mr. Pramod Chada

Mr. Pramod Chada, 42 years, Independent Director: Mr. Pramod holds Bachelors of Engineering (B.E) from Nagpur University in Electronics Engineering and Masters in Electronics Engineering (M.Tech) from REC Warangal (currently called as NIT). He has over 15 years of IT Industry Experience in various domains in Financial Services. He has extensive experience in managing and developing various projects in Wealth Management, Asset Management, Leasing & Loaning applications, Retirement benefits applications & Insurance applications. He has vast Architectural Design and Development experience in technologies like Java, Web sphere, Jsps, Servlets, EJBs, Struts, Spring, XML, Web services, Sybase, and Oracle. During his tenure at various financial services companies, Mr. Pramod was responsible to outsource the projects for offshore development in India and has managed onsite and offshore teams. He has worked with financial institutions like UBS (Union Bank of Switzerland), G.E Capital and Merryl Lynch. Mr. Pramod has been appointed as the Director of the Company in 2010.

Note: None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.

I. *Mr. Pavan Kumar Kuchana is the son of Mr. Ramaswamy Kuchana. Hence, they are "relatives" within the meaning of Section 6 of the Companies Act*
II. *As on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with major, customers, suppliers or others, pursuant to which any of our Directors was selected as a director or a member of our senior management.*
III. *As on the date of this Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment*

Relationship of our Directors with the Promoter/ Promoter Group

Name of the Promoter	**Relationship amongst Promoters**
Mr. Pavan Kumar Kuchana	Promoter Son of Mr. Ramswamy Kuchana
Mr. Ramswamy Kuchana	Promoter father of Mr. Pavan Kumar Kuchana
Lexicon Private Limited	Promoter, Body Corporate promoted by Pavan Kumar Kuchana

DETAILS OF BORROWING POWERS

Vide a Resolution passed at the Extra-Ordinary General Meeting of the members of the Company held on 15th May, 2007 consent of the members was accorded to the Board of Directors of the Company to borrow up to Rs. 100.00 Crores. The resolution passed under Section 293(1) (d) of the Companies Act, 1956 is as follows:

"**RESOLVED THAT** pursuant to provisions of section 293(1)(a), 293(1)(d) and other applicable provisions of the companies Act 1956, the consent of the company be and is hereby accorded to the Board of Directors of the Company for mortgaging and / or charging of the all or any of the immovable and movable properties of the company, wheresoever's situated, both present and future, or the whole or substantially the whole of the undertaking of the company in such form and in such manner as the Board of Directors may think fit, together with power to enter upon and take possession of the assets of the company in certain events, for security in any loan and / or advances including credit facilities already obtained or that may be obtained from Banks, Financial Institutions, Debenture holder, Debenture Trustees, or any other Public Financial Institutions, Foreign Institutions, Foreign Lending Institutions subject to FEMA regulations or other person or persons together with Interest / Additional Interest, further Interest, Compounded Interest, Liquidated Damages, Commitment Charges, premia or prepayment or on redemption costs, charges, expenses and other moneys including any increase as a result of devaluation / revaluation / fluctuation in exchange rate of foreign currency involved, payable by the company to the concerned lenders within the overall limit of Rs. 10,000 (One Hundred Only) Lacs."

"**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorized to finalize with the concerned lenders the documents for creating Mortgages and / or charges and to do all such acts and things as may be necessary and expedient for giving effect to the above Resolution."

COMPENSATION OF MANAGING DIRECTOR / WHOLE TIME DIRECTOR

Mr. Pavan Kumar Kuchana

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the Consent of the Company be and is hereby accorded to the reappointment of Mr. Pavan Kumar Kuchana as Managing Director of the Company for a period of 3 years with effect form 7th June 2010 to 06th June 2013 on the following Remuneration notwithstanding that the Company has made no profits or the profits are inadequate in any financial year of the Company during his tenure as Chairman and Managing Director, with the following terms and conditions herein mentioned:

Remuneration:

1. Salary: Rs.2,00,000/- per month which shall include the following perquisites:

2. Rent free residential accommodation to be provided by the Company. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income-tax Rules, 1962, subject to a ceiling of 25% of salary.

3. Medical Reimbursement / Allowance for self and family, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years.

4. Leave Travel Concession / Allowance for self and family once in a year either in India or abroad, as per the rules of the Company.

5. Admission and Annual Club Membership Fees for YPO and for two more Cosmopolitan etc. clubs for an expenditure not exceeding Rs. 8.25 lakhs per annum.

6. Personal Accident and Health Insurance Premium not exceeding Rs. 1,00,000/- per annum.

7. Free use of Company's Car with driver.

8. Free Communication facilities like Telephones / Mobiles / Fax at residence.

9. Reimbursement of expenses actually incurred by him for the business of the Company.

However the following shall be excluded in computation of the above said remuneration.

- Leave Encashment: Earned leave with full pay and allowances as per the rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.

- Contributions to Provident Fund, Superannuation Fund or Annuity fund are as per the rules of the Company and to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT the above mentioned remuneration shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as Managing Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of such Listing Agreement, particularly, in relation to appointment of Independent Directors to our Board and constitution of the Audit Committee and the Remuneration Committee. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently, our Company has 5 Directors on its Board. The Chairman of our Board is an Executive Director and in compliance with the requirement of Clause 49 of the Listing Agreement, our Company has 1 Executive Directors, 1 Non-Executive Directors and 3 Independent Directors.

Committees of the Board

AUDIT COMMITTEE

The terms of the Audit Committee comply with the requirements of Section 292A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Audit Committee of the Company currently comprises of following three Directors as members:

S. No	Name of the Member	Designation	Status
1.	Mr. N.V. Ramana	Chairman	Non-Executive Independent Director
2.	Mr. Vijay Kumar Devarakonda	Member	Non-Executive Independent Director
3.	Mr. Pramod Chada	Member	Non-Executive Independent Director

The principal functions of the Committee are as follows:

1. 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.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statement before submission to the board, focusing primarily on:
   - Any changes in accounting policies and practices.
   - Major accounting entries based on exercise of Judgment by management.
   - Qualifications in draft audit report.
   - The going concern assumption.
   - Compliance with accounting standards.
   - Compliance with stock exchange and legal requirements concerning financial statements.
   - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict wit the interests of Company at large.
4. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up there on.
7. Reviewing the Company's financial and risk management policies.
8. look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors**.**

COMPENSATION / REMUNERATION COMMITTEE

The Compensation Committee consists of Non-Executive Directors, with the Chairman of the Compensation Committee being an Independent Director. The Compensation Committee of the Company currently consists of the following Directors as members:

S. No	Name of the Member	Designation	Status
1.	Mr. Pramod Chada	Chairman	Non-Executive Independent Director
2.	Mr. N.V. Ramana	Member	Non-Executive Independent Director
3.	Mr. Vijay Kumar Devarakonada	Member	Non-Executive Independent Director
4.	Mr. Pavan Kumar Kuchana	Member	Executive Director

The Committee determines and reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of Executive Directors and senior management and determine the parameters and supervise the operation of the bonus schemes of the Company. The Committee will review recommendations made to it by the Company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of the Company and obtain independent professional advice.

SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Shareholders/Investor Grievance and Share Transfer Committee of the Company comprises of the following Directors as members:

S. No	Name of the Member	Designation	Status
1.	Mr. Vijay Kumar Devarakonda	Chairman	Non-Executive Independent Director
2.	Mr. N.V.Ramana	Member	Non-Executive Independent Director
3.	Mr. Ramswamy Kuchana	Member	Non-Executive Independent Director

The Shareholders/ Investor Grievances and Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities. The scope and functions of the Shareholders/Investor Grievances and Share Transfer Committee are as per Clause 49 of the Listing Agreement.

SHAREHOLDING OF THE DIRECTORS

As per the Articles of Association of our Company, our Directors are not required to hold any Equity Shares of our Company. Save and except as below, our Directors do not hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Names of Directors	No. of shares of Rs. 10 each
1.	Mr. Pavan Kumar Kuchana	5,08,968
2.	Mr. Ramswamy Kuchana	2,70,090
3.	Mr. N V Ramana	NIL
4.	Mr. Vijay Kumar Devarakonda	NIL
5.	Mr. Pramod Chada	NIL

INTERESTS OF DIRECTORS

Except for Mr. Pavan Kumar Kuchana and Mr. Ram Swamy Kuchana, who are Promoter-Directors, none of our Directors are interested in the promotion of our Company.

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration payable to them for their services as Whole-time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. All our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any either the Director himself, other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations. Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before the date of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus. For further details please refer to paragraph titled "*Our Property*" in the chapter titled "*Our Business*" beginning on page 78 of this Draft Red Herring Prospectus

CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

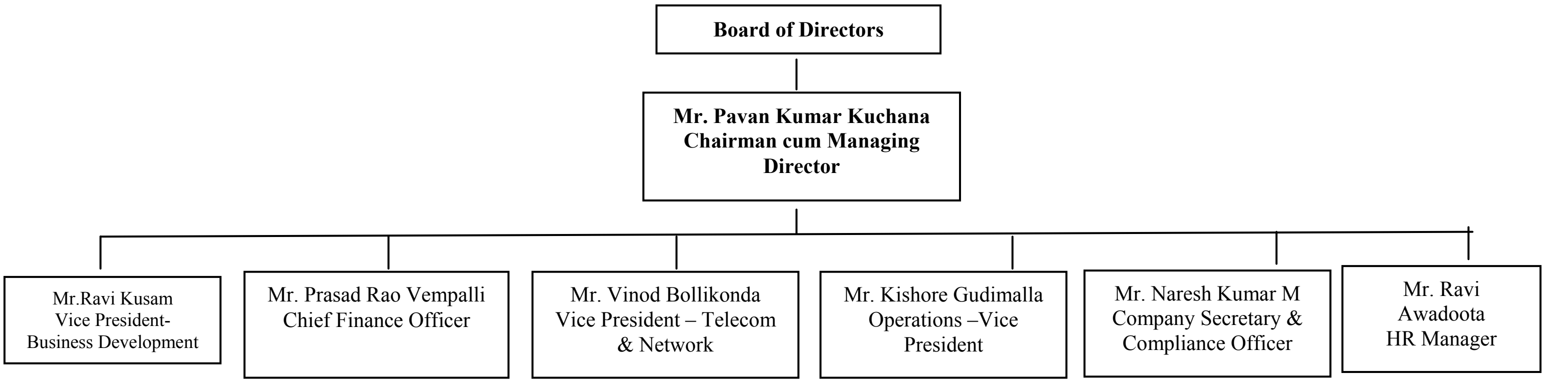
Save and except as mentioned below, there has been no change in our Board of Directors during the last three years:

Sr. No	Name of Director	Date of Appointment	Date of Cessation	Reason for change
1.	Mr. Ramaswamy Kuchana	24.09.1999	02.05.2007	Resigned as Director
2.	Mr. Kamal Kumar Kuchana	15.03.2003	04.09.2006	Resigned as Director
3.	Mr. Mani Kumar Kuchana	20.09.2006	21.03.2009	Resigned as Director
4.	Mr. Shekar Viswanathan	02.05.2007	26.06.2008	Resigned as Director
5.	Mr. Harish Kumar	02.05.2007	12.08.2009	Resigned as Director
6.	Mr. N V Ramana	02.05.2007	Not Applicable	Appointed as Director
7.	Mr. Sanjay Devulapalli	07.06.2007	04.08.2010	Resigned as Director
8.	Mr. Ramaswamy Kuchana	26.06.2008	Not Applicable	Appointed as Director
9.	Mr. Pramod Chada	05.08.2010	Not Applicable	Appointed as Director
10	Mr. Vijay Kumar Devarakonda	05.08.2010	Not Applicable	Appointed as Director

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Compliance Officer, Mr. Naresh Kumar Miryala is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Organisation Structure



Profile of Key Managerial Persons: -

Mr. Prasada Rao Krishna Vempalli: Chief Finance Officer

Mr. Prasada Rao heads the Finance, Treasury, Accounting, Compliance, Corporate Governance and Secretarial functions. He brings in 26 years of experience in accounts and finance in telecommunications, PCB, Iron & steel and textiles, Banking, electronics and IT industries. He has an exposure to integral system of accounting, corporate systems, procedures, budgets and budgetary control, and costing systems. He is instrumental in implementing ERPs in three of the companies that he has worked. Prasada Rao financial skills were honed in costing and budgeting skills were fine tuned at Mediciti hospitals. In Vardhaman Bank, he had a brief foray into Banking and was given a cash award by the Bank for his excellent services. He is a fellow Chartered Accountant with Company Secretaries associate membership and a graduation in law from Bangalore University as additional qualifications.

Mr. Vinod Babu Bollikonda: **Vice President – Telecom & Network**

Mr. Vinod Babu is a Computer Science graduate with 12 years of experience in IT & Telecom. He was worked with companies like iGate Global Solutions (IMS), Singtel, Franklin Templeton, Tanla Solutions at different levels. He worked on multi programming languages and protocols related to telecom. Design, developed and implemented more than 20 products with customized applications which are unique and first of its kind while working with esteemed companies like SingTel and Tanla. He developed unique solution for International Global Roaming technology without interconnecting with service provider and independent operations and developed Enterprise IPPBX, UMS, UCS and SMSC, Contact centre solutions, VAS and Telecom (Switching &Billing).

Mr Ravi Kusam, Vice-President: Business Development

Mr. Ravi Kusam has 15 years of experience, of which the last ten years has been in sales and marketing. He has worked as a programmer analyst before moving into sales & marketing function. He leads the sales efforts of the company. Ravi’s track record in lead generation and Customer relations is impressive. He has the ability to foresee customer needs, identify pain points and offer agile and effective solutions. He has a deep understanding of financial services business domain. He is successful in building and leading sales and presales teams. He actively participates in the business planning process. He is entrusted with the responsibility of building relations with strategic accounts. He holds a Bachelors degree in Science, Diploma in Electrical and Electronics engineering and holds a Post graduate diploma in computer applications.

Mr. Kishore Gudimala: Vice President – Operations

He holds Masters in management and a Post-graduate diploma in computer applications. He has more than 12 years of experience in finance function covering cash flow management, investment analysis, banking operations, commercial taxes, MIS and accounts finalization. He has been working with Taksheel from 1999 and has served corporate management function along with finance. He has played a pivotal role in moving the corporate services and finance function from US to India. He is familiar with banking operations in both US and India. He has designed and implemented the cost control and the MIS systems.

Mr. Naresh Kumar Miryala – Company Secretary & Compliance Officer

Mr. Naresh Kumar, aged 23 years, Company Secretary, he has associated with the Company since November 2010. He has done his Bachelor of Commerce from Osmania University, is a Member of Institute of Company Secretaries of India. Prior to joining with our company he worked with R&A Associates.

Mr. Awadoota Ravi Kumar – HR Manager

Mr. Ravi holds B.Tech in Mechanical engineer from JNTU Kakinada and Diploma in Industrial Engineering from A.P State Board of Technical Education. Mr. Ravi is specialized in Human Resource Management, Process Improvement, Business Development and Organizational Development activities. He is associated with Taksheel since 2004 and responsible for managing HR function. Mr. Ravi is active and lifetime member of National Human Resource Development Network (NHRD). Prior to joining Taksheel he has worked with Kedia Electricals Limited.

Relation of Key Management Personnel and Directors

None of the Key Managerial Personnel are related to each other.

Shareholding of our Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Bonus and/or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus or profit-sharing plan for its Key Managerial Personnel save and except the bonus paid including under the Payment of Bonus Act to our Key Managerial Personnel.

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Key Managerial Personnel except the normal remuneration for services rendered as directors, officers or employees.

Contingent and Deferred Compensation

No contingent or deferred compensation has accrued in favour of our Key Managerial Personnel.

Loans given to our Key Managerial Personnel

Our Company has not advanced any loans to our Key Managerial Personnel.

Changes in our Key Managerial Personnel during the past three years

S.No	Name	Designation	Date of Joining	Relieving Date	Reason
1	Jasminder Singh	Company Secretary	June 07, 2007	June 18, 2009	Resigned
2	V.K.Prasada Rao	Chief Financial Officer	June 22nd 2007	NA	Appointed
3	Naresh Kumar M	Company Secretary	November 5, 2010	NA	Appointed
4	Vinod Babu Bollikonda	Vice President - Voice and Data – Telecom Business	December 1st 2010	NA	Appointed

Employees

We believe that a motivated and empowered employee base is integral to our competitive advantage. As on date of filing the Draft Red Herring Prospectus, we have 38 employees.

Employees Stock Option Scheme

Our Company has formulated an Employee Stock Option Scheme, known as the "ESOP Scheme 2006" for the benefit of its employees. For further details kindly refer to the chapter titled *'Capital Structure'* beginning on page 24 of this Draft Red Herring Prospectus.

Payment of Benefits to Officers of our Company (non-salary related)

Except as stated above and the payment of salaries, perquisites and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the chapter titled *"Financial Statements"* and the chapter titled *"Our Business"* beginning on pages 125 and 78 of this Draft Red Herring Prospectus, we have not paid / given any amount or benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of this Draft Red Herring Prospectus.

Retirement Benefits

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

OUR PROMOTERS

Our Company is promoted by Mr. Pavan Kumar Kuchana, Mr. Ramaswamy Kuchana (“*Individual Promoters*”) and Lexicon Private Limited (“*Corporate Promoter*”)

OUR INDIVIDUAL PROMOTERS

Mr. Pavan Kumar Kuchana

Permanent Account Number	ATAPK6144L
Passport Number:	Z 1235957
Driving License No:	K9051 62072 04682
Bank Account No, Bank Name and Branch	008 010101 885347, Axis Bank Limited, Begumpet, Hyderabad
Residence Address:	Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India

Brief Profile:
Mr. Pavan Kumar Kuchana, 42 years, is a Chairman cum Managing Director of the Company. He holds Bachelors Degree in Electronics and Tele-communications from Nagpur University and Masters in Computer Science from City College of New York (CCNY), City University, New York. Prior to joining Taksheel, he founded IBSS Inc in New Jersey in 1995. Mr.Kuchana has more than 17 years of experience in the industry. Since inception of the Company, Mr. Pavan has taken an active role to build a global organization with a focus on delivering value to customers. In the year 2000, he became the Director of the Company and in the year 2006, he was appointed as the Managing Director. Mr. Pavan provides Taksheel with a track record in developing "go to market" models, leveraging his skills in defining market opportunities, optimizing Company's resources to deliver solutions to these markets, and to build substantial barriers to entry.

Mr. Ramaswamy Kuchana

Permanent Account Number	ALIPK4206D
Passport Number:	F 9923780
Driving License No:	DL/4081/1995OD
Bank Account No, Bank Name and Branch	A/c No: 2450101003840 Canara Bank, Hanumakonda Branch, Warangal, Andhra Pradesh, India
Residence Address:	Flat No: 302, Idea heavens Apartments, Road No: 7, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India

Brief Profile:
Mr. Ramaswamy Kuchana, 67 years, is the core promoter of the Company. Mr. Ramaswamy was joined the forest department under the Government of Andhra Pradesh in 1964 and has put in more than three decades of service before retiring as Forest Range Officer. He is the father of Mr. Pavan Kumar Kuchana, Chairman and Managing Director of the Company. He was instrumental in setting up the offshore development center at Hyderabad, India, and in procuring the land from Government of Andhra Pradesh, for construction of the proposed development center at Warangal. His leadership skills and administrative experience were of immense help to the Company, in its formative years.

Details of the Corporate Promoter

Lexicon Private Limited

Lexicon Private Limited is was incorporated on 30th June 1998 in Port Louis, Mauritius as 'Kuchana Software Solutions Limited' and subsequently changed the name of the company as 'Lexicon Private Limited' w.e.f. 17th October 2000. Lexicon operates as Global Business License Category 1, as per Financial Services Commission of Mauritius.

The Registered Office of the Company is located at Level 11, One Cathedral Squares, Port Louis, Republic of Mauritius.

The main objectives of Lexicon are:

- To invest in shares, bonds and other securities,
- to engage in the offshore business and to carry on all such other activities which help the company attain its main objectives. So far, Lexicon has managed the entire business cycle of Taksheel Solutions Limited.

- Lexicon is promoted by Mr. Pavan Kumar Kuchana.

The current shareholding pattern in the company is as follows:

Sr. No	Name of shareholders	No. of equity shares	% holding
1.	Mr. Pavan Kumar Kuchana	8,41,885	99.9999%
2.	Others	1	0.0001%
	Total	**8,41,886**	**100.0000%**

The Board of Directors of Lexicon Private Limited comprises:

Sr. No.	Name	Designation
1.	Mr. Pavan Kumar Kuchana	Director
2.	Mrs. Durga Devi Kuchana	Director
3.	Mr. Amal Arpun Autar	Director
4.	Mr. Kee Chong Li Kwong Wing	Director

(Figures in Rs Lakhs)

Particulars	Period ended 30th June 2010	Period ended 30th June 2009	Period ended 30th June 2008
Total Income	-	-	-
Profit after Tax	-3.823	-3.925	-2.796
Equity Share Capital	361.590	403.011	392.319
Net worth	3403.322	3789.254	3685.928
NAV per share of 1 $ each (in Rs.)	404.25	403.83	403.525
EPS per share of 1 $ each (in Rs.)	-0.45	-0.42	-0.31
Dividend (%)	-	-	-
Reserves & Surplus	3000.941	3340.778	3249.351
Share Application money	40.79	45.46	44.28
RBI Reference rate as on 30th June	42.9500	47.8700	46.6000

The original figures are in USD and converted into rupees at applicable conversion rates

Lexicon Private Limited is a private company limited by shares and it has not made any public or rights issue in the preceding three years. Further, no action has been taken against Icon by any stock exchange or regulatory authority. Lexicon Private Limited is not a sick company nor is it under winding up.

We confirm that the personal details of our Corporate Promoter viz., Tax Residency Certificate, bank account number, registration number and the addresses of the Registrars of Companies will be submitted to BSE and NSE on which our securities are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with such Stock Exchanges.

Declaration

Our Promoters, Promoter Group and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, our Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Experience of the Promoters in the business of our Company

Our Promoters have an experience of over 18 years in our current lines of business. Our Promoters are further assisted by a team of qualified professionals to manage the operations of our Company.

Relationship of our Directors with the Promoter/ Promoter Group

Name of the Promoter	**Relationship amongst Promoters**
Mr. Pavan Kumar Kuchana	Promoter Son of Mr. Ramswamy Kuchana
Mr. Ramswamy Kuchana	Promoter father of Mr. Pavan Kumar Kuchana
Lexicon Private Limited	Promoter, Body Corporate promoted by Pavan Kumar Kuchana

Interest of Promoters

All our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding in our Company. In case of our Individual Promoters, to the extent of shares held by their relatives from time to time, for which they are entitled to receive the dividend declared, if any, by our Company. Our Individual Promoters may also benefit from holding directorships in our Company. Our Individual Promoter may also be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them under the Articles/his terms of appointment. As on the date of this Draft Red Herring Prospectus, our Promoters and Promoter Group together holds 103,52,107 (63.31% of Pre issue paid-up capital) of Equity Shares of our Company. For further details please refer to the Chapter titled "*Capital Structure*" beginning on page 24 of this Draft Red Herring Prospectus.

Our Promoters may be deemed to be interested to the extent of the equity shares held by them, their friends and relatives, and benefits arising from his holding directorship / employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Except as stated hereinabove and as stated in 'Related Party Transactions' appearing under section titled 'Financial Information' beginning on page 125 of the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Further, except as stated in this section and in the chapters titled 'Business Overview' and 'Our Management' beginning on page 78 and 107 respectively, and section titled 'Financial Statements' beginning on page 125 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years of the date of the Draft Red Herring Prospectus.

Payment or Benefit to Promoters

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled 'Remuneration details of our executive Directors' on page 110 of this Draft Red Herring Prospectus, there are no payment or benefit to promoters of our Company

Common Pursuits

There are no common pursuits between our Company and our Group Companies except as disclosed in the paragraph titled "Our Group Companies" under the chapter titled "Our Promoters, Promoter Group and Group Companies" beginning on page 118 of this Draft Red Herring Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise. Except as stated in this section, none of our Promoters or Directors are involved with one or more ventures which are in the same line of activity or business as that of our Company.

Group Entities

The following natural persons, due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation 2 (1) (zb) of SEBI, ICDR Regulations, 2009.

Our Promoter Group

Relatives of the Promoter that form part of the Promoters Group are as under:

In terms of Regulation 2(1) (za) and 2(1) (zb) of the SEBI ICDR Regulations, the following persons form a part of our Promoter Group.

Individuals related to our Promoters:

Promoter	Name of Relative	Relationship
Mr. Pavan Kumar Kuchana	Smt. Durga Devi Kuchana	Wife
	Mr. Sushmit Kuchana	Son
	Mr. Rithwik Kuchana	Son
	Mr. Ramaswamy Kuchana	Father
	Smt. Bhagya Lakshmi Kuchana	Mother
	Mr. Mani Kumar Kuchana	Brother
	Mr. Sridhar Kumar Kuchana	Brother
	Mr. Kamal Kumar Kuchana	Brother
	Smt. Lalitha Kuchana	Brother's Wife
	Smt. Preethi Kuchana	Brother's Wife
	Mr. Janardhan Rao	Wife's Father
	Smt. Lalitha	Wife's Mother
	Smt. Rathamma	Mother's Mother
	Late Venkattiah	Mother's Father
	Late Veeraiah	Father's Father

	Late Kamalamma	Father's Mother

Promoter	Name of Relative	Relationship
Mr. Ramswamy Kuchana	Smt. Bhagya Lakshmi Kuchana	Wife
	Shri. Late Veeraiah	Father
	Smt. Late Kamalamma	Mother
	Mr. Pavan Kumar Kuchana	Son
	Mr. Sridhar	Son
	Mr. Mani Kumar Kuchana	Son
	Mr. Kamal Kumar Kuchana	Son
	Mr. Ramana Murthy Kuchana	Brother
	Smt. Bhavani	Brother's Wife
	Smt. Gouri	Sister
	Smt. Ganga	Sister
	Smt. Chandrakala	Sister
	Smt. Yaddama	Sister
	Smt. Rathamma	Wife's Mother
	Shri. Late Venkattiah	Wife's Father

Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Individual Promoters:

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	Nil
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	Nil
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	Nil

Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Corporate Promoter:

Nature of Relationship	Entity
A subsidiary or holding company of such body corporate	Nil
Any body corporate which holds ten per cent or more of the equity share capital of the promoter	Nil
Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty percent or more of the equity share capital in that body corporate also holds twenty percent or more of the equity share capital of the issuer	Nil

All persons whose shareholding is aggregated for the purpose of disclosing under the heading "shareholding of the promoter group": NIL

Defunct Promoter Group Companies - Nil

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any of the companies or firms during the three years preceding the date of the filing of this Draft Red Herring Prospectus except as under: -

S.No	Name of the Company	Date of disassociated
1	International Business Software Solutions Inc, (IBSS Inc) New Jersey	Mr. Pavan Kuchana has resigned Director with effect from 1st June 2009.

Related Party Transactions

The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under 'Related Party Disclosures' as mentioned under Annexure - 15 of the Auditors' Report appearing on page 144 of this Draft Red Herring Prospectus.

Business Interests

None of our Group Companies and Subsidiaries companies have business interests in our Company.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board and approved by the shareholders of the Company at their discretion and will depend on a number of factors, including but not limited to the results of operations, earnings, capital requirements and surplus, overall financial condition, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company.

We have not declared any dividend on the Equity Shares since inception.

Our dividend policy in the past is not necessarily indicative of our dividend policy or dividend amounts in the future.

SECTION IV- FINANCIAL STATEMENTS

AUDITORS' REPORT

To,
Board of Directors
Taksheel Solutions Limited
Survey No.201, Manikonda Village,
Lanco Hills Technology Park Private Limited (SEZ)
Rajendra Nagar Mandal,
Hyderabad - 500 089

Dear Sirs,

We have examined the attached financial information of **Taksheel Solutions Limited** (‘*the Company*') described below in A and annexed to this report and initialled by us for identification. The said standalone summary statement has been prepared in accordance with the requirements of paragraph B of Part II of Schedule II to the Companies Act, 1956 (‘*the Act*'), and the Securities and Exchange Board of India (*Issue of Capital and Disclosure Requirements*) Regulations, 2009, as amended. The financial information has been prepared by the Company and approved by the Board of Director of the Company.

A) Financial Information as Per Audited financial Statements

1) We have examined the attached:

(a) Standalone restated statement of Assets and Liabilities of the company for the year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 3 months ended June 30,2010 (*Annexure I*); Standalone restated statement of Profits and Losses of the company for the year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 3 months ended June 30, 2010 (*Annexure II*); Standalone restated statement of Cash Flow Statement of the company for the year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 3 months ended June 30, 2010 (*Annexure III*).

2) We have considered the relevant financial statements in respect of company were audited by M. Anandam & Company, Chartered Accountants for the Financial Years ended on March 31, 2006 & March 31, 2007, March 31, 2008, March 31, 2009 and the Financial Statements for the year ended March 31, 2010 audited by us i.e. Karumanchi & Associates, Chartered Accountants.

3) Based on our examination of the above statements and the related Audit Reports and on the basis of the information and explanations given to us, we report that:

a) The aforesaid statements have been extracted from the audited financial statements as stated in 2 above as approved by Board of Directors and adopted by the shareholders in those respective years and have been restated with retrospective effect to reflect the significant accounting policies and significant notes adopted by the Company as on March 31, 2010;

b) Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the year to which they relate;

c) The aforesaid statements have been restated to effect necessary changes for exceptional items, which have been disclosed separately in the statements in the years to which they relate.

d) The profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the respective years.

We confirm that our firm Karumanchi & Associates has been subjected to **Peer Review** Process of Institute of Chartered Accountants of India (ICAI) and firm holds a valid certificate no. 003696 dated 9th August, 2009 issued by “Peer Review Board” of ICAI.

B) Other financial Information:

We have also examined the following other financial information for the Standalone Financial Statement set out in Annexure relating to the Company which is prepared by the management and approved by the Board of Directors.

Particular	**Annexure**
Statement of Debtors	1
Details of Loan and Advances	2
Statement of Secured Loans	3
Statement of Unsecured Loans	4
Statement of Operating Income	5
Statement of Other Income	6
Earning in Foreign Currency (FOB)	7
Expenditure in Foreign Currency	8
Statement of Investment	9
Statement of Dividend	10
Statement for Earning per share	11
Major Accounting Ratios	12
Capitalization Statement	13
Statement of Tax Shelter	14
Transactions with Related Parties	15
Details of Contingent Liabilities	16

This Restated Financial Information is based on the Audited Financials which are approved by Board of Directors and Adopted by Members in these respective years.

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

For **KARUMANCHI & ASSOCIATES**
Chartered Accountants

Sd/-
(K .Peddabbai)
Partner

Membership No.: 025036
Fire Registration No.:001753S
Peer Review No.:003696

Date: 20.12.2010
Place: Hyderabad

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

SCHEDULE I

(Amount in Rs. lacs, except EPS and share price data)

S.NO	PARTICULARS	FOR YEAR ENDED MARCH 31					For the period ended
		2006	2007	2008	2009	2010	30.06.2010
A	**FIXED ASSETS**						
	Gross Fixed Assets	156.75	184.27	270.88	271.87	46.46	46.46
	Less: Accumulated Depreciation	59.43	73.62	104.27	136.14	6.39	8.11
	Net Fixed Assets	97.32	110.65	166.61	135.73	40.07	38.35
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Fixed Assets after revaluation Reserve	97.32	110.65	166.61	135.73	40.07	38.35
	Capital work in progress	0.00	65.47	144.98	161.19	1174.38	1174.37
	Goodwill	0.00	0.00	1995.46	997.73	0.00	0.00
	TOTAL FIXED ASSETS	**97.32**	**176.12**	**2307.05**	**1294.65**	**1214.45**	**1212.72**
B	**INVESTMENTS**	**201.04**	**267.04**	**267.04**	**267.04**	**0.00**	**0.00**
C	**CURRENT ASSETS, LOANS & ADVANCES**						
	Inventories	0.00	0.00	0.00	0.00	0.00	0.00
	Sundry Debtors	345.68	405.95	1188.98	2975.56	4251.67	4848.66
	Cash & Bank Balances	3.48	1.40	97.80	137.96	12.45	2.32
	Loans & Advances	35.38	816.42	2983.96	1579.92	1776.31	1854.44
	Other Current Assets	1.02	104.58	41.64	11.15	8.52	8.52
	TOTAL (C)	**385.56**	**1328.35**	**4312.38**	**4704.59**	**6048.95**	**6713.94**
D	**LIABILITIES AND PROVISIONS**						
	Secured Loans	59.15	280.41	302.29	319.76	309.33	308.94
	Unsecured Loans	0.00	0.00	0.00	79.88	77.06	75.05
	Deferred Tax Liability (Net)	0.00	0.00	0.00	0.00	0.00	0.00
	Current Liabilities & Provisions	66.62	62.32	319.14	358.91	558.00	610.96
	TOTAL (D)	**125.77**	**342.73**	**621.43**	**758.55**	**944.39**	**994.95**
E	**NET ASSETS (C - D)**	**259.79**	**985.62**	**3690.95**	**3946.04**	**5104.56**	**5718.99**
F	**NET WORTH (A + B + E)**	**558.15**	**1428.78**	**6265.04**	**5507.73**	**6319.01**	**6931.71**
	Represented by						
	Share Capital	321.47	578.65	1135.21	1135.21	1635.21	1635.21
	Reserves & Surplus	169.78	701.45	5129.83	4372.52	4683.80	5296.50
	Share Application Money	66.90	148.68	0.00	0.00	0.00	0.00
	Share Holders Funds	**558.15**	**1428.78**	**6265.04**	**5507.73**	**6319.01**	**6931.71**

STANDALONE STATEMENT OF PROFIT AND LOSS AS RESTATED

SCHEDULE II

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	30-06-2010
Income						
Software & Consultancy Services	674.55	1167.88	3171.68	3319.53	4950.15	2498.65
Other Income	3.80	18.57	31.29	223.50	0.00	125.43
Total Income	**678.35**	**1186.45**	**3202.97**	**3543.03**	**4950.15**	**2624.08**
Expenditure						
Software Development and Operating expenses	119.86	81.75	1181.67	2945.61	3276.57	1943.41
Employees remuneration	281.30	190.75	144.61	198.56	118.19	35.43
Managerial Remuneration	0.75	0.00	5.75	7.08	7.02	1.73
Loss of Fixed Assets	0.00	0.70	0.00	0.00	134.72	0.00
Administrative Expenses	3.88	84.57	55.75	65.84	121.61	16.60
Foreign Exchange Fluctuations	3.77	3.81	159.24	0.00	422.11	0.00
Selling Expenses	1.33	0.93	5.97	0.00	0.54	0.00
Finance Charge/Interest Cost	12.29	16.78	33.86	50.93	53.99	12.50
Depreciation	12.95	14.35	30.65	31.87	6.39	1.72
Deferred Revenue Exp. Written Off	165.89	0.00	0.00	0.00	0.00	0.00
Total Expenditure	**602.02**	**393.64**	**1617.50**	**3299.89**	**4141.14**	**2011.39**
Profit Before Tax (PBT)	**76.33**	**792.81**	**1585.47**	**243.14**	**809.01**	**612.69**
Prior Period Expense	5.82	2.76	0.22	1.84	0.00	0.00
Provision for Tax						
Current Tax	0.00	0.00	1.11	0.00	0.00	0.00
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
Minimum Alternate Tax	0.00	0.00	179.54	0.00	0.00	0.00
US Corporation Income Tax	0.00	0.00	0.57	0.00	0.00	0.00
Fringe benefit tax	1.26	1.21	0.82	0.88	0.00	0.00
Profit After Taxation (PAT)	**69.25**	**788.84**	**1403.21**	**240.42**	**809.01**	**612.69**
Profit & Loss Account at the beginning of the Period	100.53	169.78	701.45	2104.66	2345.08	3154.09
Profit/(Loss) available for appropriation	69.25	788.84	1403.21	240.42	809.01	612.69
Transferred to share capital on allotment of bonus	0.00	257.17	0.00	0.00	0.00	0.00
BALANCE CARRIED FORWARD	**169.78**	**701.45**	**2104.66**	**2345.08**	**3154.09**	**3766.78**

STANDALONE STATEMENT OF CASH FLOW AS RESTATED

SCHEDULE III

(Amount in Rs. lacs, except EPS and share price data)

S.NO	PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
		2006	2007	2008	2009	2010	30-06-2010
A.	**Cash Flow from Operating Activities**						
	Net Profit / (Loss) before tax	76.33	792.81	1585.47	243.14	809.01	612.69
	Adjustment for :						
	Depreciation	12.95	14.20	30.65	31.87	6.39	1.72
	Amortization	160.07	0.00	0.00	0.00	0.00	0.00
	Other Adjustments /Prior period exp.	3.75	-2.76	0.22	0.00	0.00	0.00
	Loss on Sale of Asset	0.00	0.70	0.00	0.00	134.72	0.00
	Interest Expenses	12.29	16.78	31.86	40.78	44.88	12.50
	Interest Income	-0.10	-0.08	-0.04	-0.08	0.00	0.00
	Operating profit before working capital changes	265.29	821.65	1648.16	315.71	995.00	626.91
	Change in Sundry Debtors & Other Receivables	-238.60	-251.25	-2887.63	-352.06	-1276.12	-675.11
	Change in Current Liabilities and Provision	4.22	-4.30	76.50	39.77	199.47	52.96
	Cash generated from operations	30.91	566.10	-1162.97	3.42	-81.65	4.76
	Taxes paid	-1.26	-1.21	-2.16	-2.72	1.00	0.00
	Net cash from operating activities A	**29.65**	**564.89**	**-1165.13**	**0.70**	**-80.65**	**4.76**
B.	**Cash Flow from Investing Activities**						
	Capital & Deferred Expenditure (net)	-2.09	-93.74	-166.13	-17.18	0.00	0.00
	Purchase of Investments (net)	-62.50	-66.00	0.00	0.00	0.00	0.00
	Sale of Assets	0.00	0.05	0.00	0.00	0.00	0.00
	Interest Income	0.10	0.08	0.04	0.08	0.00	0.00
	Net cash from investing activities B	**-64.49**	**-159.61**	**-166.09**	**-17.10**	**0.00**	**0.00**
C.	**Cash Flows from Financing Activities**						
	Share Capital / Application	72.41	81.79	407.88	0.00	0.00	-12.92
	Share Premium Received	0.00	0.00	1029.72	0.00	0.00	0.00
	Increase (Decrease) in Term Loans (net)	-40.35	-12.16	21.88	17.47	0.00	-0.38
	Interest Paid	-12.29	-16.78	-31.86	-40.78	-44.88	-12.50
	Increase/(Decrease) In Cash Credit	18.24	233.42	0.00	0.00	0.00	0.00
	Increase/(Decrease) in Unsecured loan	0.00	0.00	0.00	79.88	0.00	10.92
	Loan to Subsidiary	0.00	-693.62	0.00	0.00	0.00	0.00
	Net cash used from financing activities C	**38.01**	**-407.35**	**1427.62**	**56.57**	**-44.88**	**-14.88**
	Net change in cash (A+B+C)	**3.17**	**-2.07**	**96.40**	**40.17**	**-125.53**	**-10.12**
	Cash and cash equivalents at beginning of years	0.30	3.47	1.40	97.80	137.97	12.44
	Cash and cash equivalents at end of year	3.47	1.40	97.80	137.97	12.44	2.32

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Following are the significant accounting policies adopted by the company:

1. Preparation and presentation of financial statements:

a) BASIS OF PREPARATION:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provision of the companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

b) USE OF ESTIMATES:

The preparation of Financial Statement requires the management of the company to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year. Difference between the actual and estimates are recognized in the period in which the results are known/ materialized.

2. Fixed Assets:

a) Fixed Assets are stated at the cost of acquisition including incidental costs related to acquisition, installation and all other costs including borrowing cost attributable to bringing the assets to commercial production are capitalized and shown at net of accumulated depreciation.

b) Goodwill represents difference between the purchase price and book value of assets and liabilities acquired. Goodwill is amortized- over the useful life of the asset. The goodwill is reviewed for impairment whenever events or changes in business indicate the carrying amount of assets may not be fully recoverable.

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

d) Fixed assets are stated at the cost of acquisition less accumulated depreciation. Direct costs are capitalized till the assets are ready to put into use.

e) Depreciation on the Fixed Assets of the Company is provided on straight line Method at the rates and in the manner prescribed under schedule - XIV of the Companies Act, 1956.

3. Borrowing Costs:

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

4. Investments:

a) Long term Investment are carried at the cost and provisions is made to recognize any decline, other than temporary, in the value of such investment.

b) Current investments are carried at the lower of cost and quoted/ fair value, computed category wise.

5. Foreign Currency transactions:

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.

b) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at the rates of exchange at the balance sheet date and resulting gain or loss is recognized in the profit and loss account.

6. Revenue Recognition

The Company generally follows mercantile system of accounting and recognizes significant items of income on accrual basis.

a) Revenue Recognition relating to the services rendered to Company's subsidiaries:

Revenue from software development and consultancy services is recognized on the basis of agreements entered into with the Customers.

b) Revenue Recognition relating to the services rendered to outsiders:

Revenue from sale of software products and consultancy services is recognized based on billing of the clients as per contractual terms.

c) Interest Income on term deposits is recognized using the time-proportion method, based on interest rates implicit in the transaction.

d) Income on investments and dividends on units is recognized as and when right to receive the same is established.

e) Revenue from Onsite Consultancy is recognized based on the billing of the client as per the contract terms.

4. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

5. Retirement Benefits

Provision of Gratuity and leave encashment is charged to Profit & Loss account on the basis of actuarial/estimated valuation as at the year end.

6. Foreign Currency Transactions

a) Transactions with respect to Income and expenditure Account in foreign currency are recorded at the rates prevailing on the transaction date. The exchange difference arising on foreign currency transaction is recognized as income and expenses in the year in which they arise.

b) Current Asset and currency liabilities denominated in foreign currency are translated at the exchange rate prevalent on the date of the Balance Sheet. The resulting difference is accounted in profit and loss account.

7. Income Tax

Provision for Income Tax is made for both current and deferred taxes. Provision for current Income Tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted on substantively enacted by balance sheet date, Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

B. NOTES TO ACCOUNTS

1. Income Tax:

Provision for current income tax is not made since the income is exempt u/s 10B/10AA of the Income Tax Act, 1961.
Provision for deferred tax has not been made as there is no reasonable certainty of sufficient taxable income being available in future years against which such deferred tax liability/asset can be realized.

2. Secured loans

Cash Credit facility of Rs. 300 Lakhs from Axis Bank Ltd is secured primarily by first charge on entire current assets, present and future of the Company, & collaterally by first charge on entire fixed assets, present and future, equitable mortgage of land & residential houses belonging to Directors and their relatives.

3. Unsecured Loans:

The Company has obtained the unsecured loans from various banks and financial institutions and is regular in repaying the installments and interest due thereon.

4. **Sundry Debtors and Creditors** are subject to confirmation from the Parties.

5. Share Capital:

a)Paid Up Share Capital includes preferential allotment of 43, 76,008 Equity shares by the company to Lexicon Private Limited in respect of which the company has filed an application with Foreign Investment Promotion Board (FIPB) which is pending. Further the FIPB has directed the company to approach Reserve Bank of India for levy of Compounding fees. Pending quantification of the compounding fees no provision has been made in the books of accounts.

b) In the financial year 2009-10, Company has allotted 50,00,000 equity shares of Rs.10/- each at a premium of Rs.10/- for consideration other than cash to Verisoft Business Solutions Pvt. Limited based in Hyderabad.

6. Quantitative details

The company is engaged in software consultancy services. These cannot be expressed in any generic unit. Hence, it is not practicable to give the quantitative details of sales and certain other information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

7. Earning in Foreign Currency

(Amounts in Rs. Lacs)

Particulars	2009-10	2008-09
Income from Software Services	4950.15	3319.53

8. Expenditure in Foreign Currency

(Amounts in Rs. Lacs.)

Particulars	2009-10	2008-09
Capital Goods (CIF)	0.00	0.00
Cost of Revenue	3249.35	2877.96
Travel & Others	0.00	0.00
TOTAL	**3249.35**	**2877.96**

9. Remuneration to Statutory Auditors

(Amounts in Rs. Lacs.)

Particulars	2009-10	2008-09
Statutory Audit Fee	1.50	1.50
Tax Audit Fee	0.50	0.50
Transfer Prising	0.50	0.50
Certification Fee	0.25	0.14
Other Expenses	0.04	0.18
Total	**2.79**	**2.82**

10. Segment Reporting

As required by the Accounting Standard (AS-17) “Segment Reporting”, the company is mainly engaged in the area of software services. Hence Segment reporting is not applicable to the company. The complete business operation and the income generation are from U.S.A. The company does not have any revenue stream from business operation from India or any other country.

11. Investment
During the financial year, the company has disinvested in International Business Software Solutions Inc. (IBSS Inc.). The same is subject to RBI approval.

12. In the opinion of the Board of Directors, the current Assets, Loans & Advances are expected to realize approximates the value stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

13. Managerial Remuneration:

(Amounts in Rs. Lacs)

Particulars	2009-10	2008-09
Basic	7.02	6.90
Perquisites	0.00	0.18
Total	**7.02**	**7.08**

** The Central government in terms of section 198(4) of the Companies Act approved the remuneration payable to the Managing Director of the company, to be Rs. 0.75 lacs per month dated 22/08/2007.*

14. During the year, the company has accounted loss of fixed assets of Rs. 134.72 lacs being the value of the fixed assets pertaining to leasehold premises, on the expiry of the lease period.

15. Provision for Deferred Tax Liability/Assets has not been made as there is no reasonable certainty of sufficient taxable income being available in future years against which such deferred tax liability/assets can be realized.

16. Previous year figures have been regrouped and rearranged, wherever necessary.

17. The company Taksheel Solutions Limited had also made the Investment of Rs. 267.04 Lacs in IBSS Inc. which is disinvested in financial year 2009-10 and now the amount is shown in Loans and Advances.

18. The receivables of Rs 693.62 Lacs that were pertaining to the subsidiary were capitalized by converting the same into an Interest free Loan as per RBI Master Circular in financial year 2006-07. For this purpose the company has filed requisite ODI with the authorized dealers belatedly. The company has filed the compounding application with RBI for compounding the delay.

19. Contingent Liability: As per the audited books of accounts and other related information available, the company did not have any contingent Liability in any of last five financial years and for the period of three months ended on 30.06.2010.

20. The Company has received USD 364970 which is equallent to Rs. 161.60 Lacs has been received from Lexicon Private Limited. Against the same the company has allotted 189643 Equity shares of Rs. 10/- each at a premium of Rs. 68.40/- per share for a total amount of Rs. 148.68 Lacs, leaving a balance of Rs. 12.92 lacs which is lying in share application money. Subsequently, our company is in receipt of a request letter dated 10.04.2010 from Lexicon Private Limited asking us to treat this amount as Inter Corporate Deposit (ICD) at interest rate of LIBOR +2% which is payable on maturity.

21. **Statutory dues:** As on date, following are the statutory dues which are due for more than six months and had not been paid by the company and it includes the outstanding statutory liabilities of foreign branch amounting to Rs. 5.18 lacs which is not discharged by the company.

(Rs. In Lacs)

Particulars	Amount
Federal Income Tax Payable (US)	2.47
Fringe Benefit Tax Payable	1.22
Futa Payable (Us)	0.02
Income Tax Payable	176.11
PF Payable - Employees	2.45
PF Payable - Employer	2.61
Professional Tax Payable A/c	0.68
Social Sec. & Medical Payable (US)	2.21
State Income Tax Payable (US)	0.10
Sui/dis Payable (US)	0.38
TDS	41.85
TOTAL	**230.10**

STANDALONE SCHEDULE FOR: SUNDRY DEBTORS

SCHEDULE (1)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
a)**From Promoters Group**						
More than Six months	0.00	121.74	525.47	472.16	0.00	0.00
Less than six months	344.78	0.00	0.00	0.00	0.00	0.00
Total (a)	344.78	121.74	525.47	472.16	0.00	0.00
b) **Other than Promoter Group**						
More than Six months	0.90	0.00	216.44	556.70	1415.99	1385.27
Less than six months	0.00	284.21	447.07	1946.70	2835.68	3463.39
Total (b)	0.90	284.21	663.51	2503.40	4251.67	4848.66
Total (a) + (b)	**345.68**	**405.95**	**1188.98**	**2975.56**	**4251.67**	**4848.66**

STANDALONE SCHEDULES FOR: LOANS AND ADVANCES

SCHEDULE (2)

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended 30-06-2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind	0.75	0.00	0.00	0.00	0.00	0.00
Promoters	0.00	0.00	0.00	0.00	0.00	0.00
Directors/Group companies	0.00	0.00	0.00	0.00	0.00	0.00
Advances to Subsidiary	0.00	693.62	622.97	622.97	0.00	0.00
Advances to other Company	0.00	0.00	0.00	0.00	622.97	622.97
Vendors & other Advances	0.33	89.73	2332.42	924.49	1136.35	1214.48
Govt. Deposits	34.30	33.07	28.57	32.46	16.99	16.99
TOTAL	**35.38**	**816.42**	**2983.96**	**1579.92**	**1776.31**	**1854.44**

Note:

1. The advances given to subsidiary (IBSS Inc.) of Rs. 622.97/-lacs is shown as advances to other company for financial year 2009-10 onwards as the subsidiary no longer exist thereafter.
2. The company had disinvested in IBSS Inc. in financial 2009-10 and that amount is now shown as the part of Vendors and Other Advances which amount to Rs. 267.04/- lacs.

STANDALONE SCHEDULE FOR: SECURED LOANS

SCHEDULE (3)

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended 30-06-2010
	2006	2007	2008	2009	2010	
a) Term Loan						
SBI	12.16	0.00	0.00	0.00	0.00	0.00
b) Cash Credits						
SBI	46.99	0.00	0.00	0.00	0.00	0.00
AXIS Bank Ltd.	0.00	280.41	302.29	319.76	303.52	303.45
C) Hire Purchase Loan						
Sundram Finance Limited	0.00	0.00	0.00	0.00	5.81	5.49
TOTAL	**59.15**	**280.41**	**302.29**	**319.76**	**309.33**	**308.94**

Details of the Secured Loans as on 30.06.2010

(Amount in Rs. lacs, except EPS and share price data)

S.NO.	Name of Lender	Principal Outstanding as on June 30, 2010	Rate of Interest	Repayment Schedules	Details of Securities
1	**TERM LOAN FROM BANK**				
	___________NIL_________				
2	**CASH CREDIT**				
(A)	Axis Bank Ltd	300	13.6%	On demand	Hypothecation of all Current and Fixed Assets of company
3	**HIRE PURCHASE LOAN**				
(A)	Sundram Finance Limited	5.49	12.73%	EMI of Rs.22730	CAR --Hyundai Verna

STANDALONE SCHEDULES FOR: UNSECURED LOANS **SCHEDULE (4)**

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended 30-06-2010
	2006	2007	2008	2009	2010	
Directors	0.00	0.00	0.00	0.00	0.00	0.00
Subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00
Others						
ABN Amro Bank	0.00	0.00	0.00	21.13	18.27	17.73
Money Line Credit Ltd	0.00	0.00	0.00	12.35	4.58	4.76
Reliance Capital Ltd	0.00	0.00	0.00	26.90	21.29	19.64
Kotak Mahindra Bank Ltd	0.00	0.00	0.00	6.58	0.00	0.00
Brigus Software Ltd	0.00	0.00	0.00	0.00	20.00	20.00
Lexicon Private Limited	0.00	0.00	0.00	12.92	12.92	12.92
TOTAL	**0.00**	**0.00**	**0.00**	**79.88**	**77.06**	**75.05**

Details for Unsecured Loan as on June 30, 2010

(Amount in Rs. lacs, except EPS and share price data)

S.NO.	Name of Lender	Principal Outstanding as on June 30, 2010	Rate of Interest (%)	Repayment Schedules
1	ABN Amro Bank	17.73	18%	EMI of Rs.56795
2	Money Line Credit Ltd	4.76	20%	EMI of Rs.76344
3	Reliance Capital Ltd	19.64	19%	EMI of Rs.89700
4	Brigus Software Ltd	20.00	Interest Free	Payment on demand
5	Lexicon Private Limited	12.92	Libor + 2%	Payment on demand

STANDALONE SCHEDULE FOR: OPERATIONAL INCOME

SCHEDULE (5)

(Amount in Rs. lacs, except EPS and share price data)

	FOR THE YEAR ENDED MARCH 31					For the period ended
PARTICULARS	**2006**	**2007**	**2008**	**2009**	**2010**	**30-06-2010**
Software & Consultancy services	674.55	1167.88	3171.68	3319.53	4950.15	2498.65
TOTAL	**674.55**	**1167.88**	**3171.68**	**3319.53**	**4950.15**	**2498.65**

STANDALONE SCHEDULE FOR: OTHER INCOME

SCHEDULE (6)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Foreign Exchange Fluctuation	0.00	0.00	0.00	223.42	0.00	125.43
Interest on FDR	0.10	0.08	0.04	0.08	0.00	0.00
Commission Received	0.00	15.63	31.25	0.00	0.00	0.00
Miss. Income	3.70	2.86	0.00	0.00	0.00	0.00
TOTAL	**3.80**	**18.57**	**31.29**	**223.50**	**0.00**	**125.43**

Note: All the Income that forms the part of "Other Income" which is of non-recurring nature.

SCHEDULE FOR THE EARNING IN FOREIGN CURRENCY (FOB)

SCHEDULE (7)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Income from Software Services	674.55	1167.88	3171.68	3319.53	4950.15	2498.65
TOTAL	**674.55**	**1167.88**	**3171.68**	**3319.53**	**4950.15**	**2498.65**

STANDALONE SCHEDULE FOR: EXPENDITURE IN FOREIGN CURRENCY

SCHEDULE (8)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Capital Goods (CIF)	0.00	0.00	0.00	0.00	0.00	0.00
Cost of Revenue	0.00	0.00	1111.42	2877.96	3249.35	1937.41
Travel & Others	1.19	0.16	16.70	0.00	0.00	0.00
TOTAL	**1.19**	**0.16**	**1128.12**	**2877.96**	**3249.35**	**1937.41**

STANDALONE SCHEDULE FOR: INVESTMENTS

SCHEDULE (9)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	**YEAR ENDED ON MARCH 31**					**For period ended on 30.06.2010**
	2006	**2007**	**2008**	**2009**	**2010**	
Long term in shares (At cost- Quoted)	0.00	0.00	0.00	0.00	0.00	0.00
Long term in shares (At cost- Un-quoted)	201.04	267.04	267.04	267.04	0.00	0.00
Total	**201.04**	**267.04**	**267.04**	**267.04**	**0.00**	**0.00**

STANDALONE SCHEDULE FOR DIVIDEND

SCHEDULE (10)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	**YEAR ENDED ON MARCH 31**					**For period ended on 30.06.2010**
	2006	**2007**	**2008**	**2009**	**2010**	
Face Value of Equity Shares	Rs 10	Rs 10	Rs 10	Rs 10	Rs 10	Rs 10
Rate of Dividend ^	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

^ - Our Company has not issued any dividend in the past 5 years

STANDALONE SCHEDULE FOR: EARNING PER SHARE (EPS)

SCHEDULE (11)

(Amount in Rs. Lacs, except EPS and share price data)

PATICULARS	**YEAR ENDED ON MARCH 31**					**For period ended on 30.06.2010**
	2006	**2007**	**2008**	**2009**	**2010**	
Net profit after Tax as per profit and Loss A/c	69.25	788.84	1403.21	240.42	809.01	612.69
Weighted Average numbers of Equity Shares outstanding						
Basic -	1946110	4109529	10315024	11352707	13845258	16352107
Diluted -	2615095	5736369	10455024	11492707	13985258	16492107
Basic Earning per shares (In Rs.)	3.56	19.20	13.60	2.12	5.84	3.75
Diluted Earning per shares (In Rs.)	2.65	13.75	13.42	2.09	5.78	3.71
Face Value Per Equity Shares	**10**	**10**	**10**	**10**	**10**	**10**

STANDALONE SCHEDULE FOR: KEY ACCOUNTING RATIO

SCHEDULE (12)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Net worth	558.15	1428.78	6265.04	5507.73	6319.01	6931.71
Restated Profit after Tax	69.25	788.84	1403.21	240.42	809.01	612.69
Return on Net Worth (%)	12.41%	55.21%	22.40%	4.36%	12.80%	8.84%
Basic Earning per shares (In Rs.)	3.56	19.20	13.60	2.12	5.84	3.75
Diluted Earnings per shares (In Rs.)	2.65	13.75	13.42	2.09	5.78	3.71
Number of Equity Shares Outstanding at the end of year	3214698	5786456	11352107	11352107	16352107	16352107
Net Assets Value per Shares	17.36	24.69	55.19	48.52	38.64	42.39
Total Debt/Equity Ratio	**0.11**	**0.20**	**0.05**	**0.07**	**0.06**	**0.05**

1. Earnings Per Share (Rs.): $\frac{\text{Net Profit restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

2. Return on Net Worth (%): $\frac{\text{Net Profit after Tax, as restated}}{\text{Net Worth at the end of the year}}$

3. Net Assets Value per Equity share (Rs.): $\frac{\text{Networth as at the end of the year}}{\text{Number of equity shares at the end of the year}}$

4. Total Debt/Equity Ratio: $\frac{\text{Long term Debt + Short Term debt}}{\text{Equity Share Capital +Reserves and Surplus (Excluding Revaluation of Reserves)}}$

5. Networth = Equity Share Capital + Reserves and Surplus (Excluding Revaluation of Reserves) - Miscellaneous expenditure to the extent not written off

STANDALONE SCHEDULE FOR: CAPITALIZATION

SCHEDULE (13)

(Amount in Rs. lacs, except EPS and share price data)

PARTICULARS	**Pre Issue**	**Pre Issue**	**Post Issue**
	As at 31- Mar-10	**Period Ended 30th June-10**	
Short Term Debt	77.06	75.05	**
Long Term Debt	309.33	308.94	**
Total Debt	**386.39**	**383.99**	**
Shareholder's Funds			
Share Capital	1635.21	1635.21	**
Reserves & Surplus	4683.80	5296.50	**
Total Shareholder's Fund	**6319.01**	**6931.71**	**
Total Debt/Equity Ratio	**0.061**	**0.055**	**N.A**
Long Term Debt / Shareholders Funds Ratio	**0.048**	**0.045**	**N.A**

*** will be incorporated at the time of filing of Prospectus*

STANDALONE SCHEDULE FOR: STATEMENT OF TAX SHELTER

SCHEDULE (14)

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Tax Rate (including surcharge)	33.66%	33.66%	33.99%	33.99%	33.99%	30%
Net profit/(loss) before tax	76.33	792.81	1585.47	243.14	809.01	612.69
Tax at notional rates (A)	**25.69**	**266.86**	**538.90**	**82.64**	**274.98**	**183.81**
Book Depreciation	12.95	14.35	30.65	31.87	6.39	1.72
Tax Depreciation	16.63	20.12	72.10	32.90	22.65	2.54
Difference between tax and book depreciation (B)	3.68	5.77	41.45	1.03	16.26	0.82
Benefit under section 10B/10A/10AA (C)	266.20	814.31	1510.21	242.11	827.40	611.87
Taxes payable (D)	**0.00**	**0.00**	**181.22**	**0.00**	**0.00**	**0.00**
Current Tax	0.00	0.00	1.11	0.00	0.00	0.00
Minimum Alternate Tax	0.00	0.00	179.54	0.00	0.00	0.00
US Corporation Tax	0.00	0.00	0.57	0.00	0.00	0.00
Fringe Benefit Tax	1.26	1.21	0.82	0.88	0.00	0.00
Taxable Profit (E)	266.20	814.31	1510.21	242.11	827.40	611.87
Tax Savings thereon (F= E*Tax rate)	**89.60**	**274.10**	**513.32**	**82.29**	**281.23**	**183.56**

STANDALONE SCHEDULES FOR: RELATED PARTY DISCLOSURE

SCHEDULE (15)

A. TYPE OF RELATED PARTY

TYPE OF PARTY	NATURE OF RELATIONSHIP
Lexicon Private Limited	Holding Company
International Business Software Solutions Inc (IBSS Inc.), U.S.A.	Subsidiaries till 28.02.2010
Pavan Kuchana	Chairman and Managing Director

The company had purchased the wholly owned subsidiary—International Business Software Solutions Inc (IBSS Inc.), U.S.A. on 26.12.2005 and was disinvested on 01.03.2010. The company does not have any subsidiary as on date.

B. DETAILS OF RELATED PARTY TRANSACTIONS

(Amount in Rs. lacs, except EPS and share price data)

For six month ended on 30.06.2010

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Pavan Kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	1.73	0.00
Lexicon Private Limited - Mauritius	Holding Company	ICD	0.00	12.92

For 2009-10

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Pavan Kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	7.02	0.00
Lexicon Private Limited - Mauritius	Holding Company	ICD		12.92

For 2008-09

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Pavan Kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	7.08	0.00
IBSS Inc., USA	A wholly Owned subsidiary	Software & consultancy services	1107.43	472.16
Lexicon Private Limited - Mauritius	Holding Company	ICD		12.92

FOR 2007-08

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Pavan kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	5.75	0.56
Mani Kumar Kuchana	Executive Director		0.00	0.00
IBSS Inc., USA	A wholly Owned subsidiary	Software & consultancy services	1755.06	525.47
Lexicon Private Limited - Mauritius	Holding Company	Business Acquisition and Investment	4047.5	4047.5

FOR 2006-07

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Pavan Kumar Kuchana	Managing Director	Directors Remuneration & Perquisites	0.00	0.00
Kamal Kumar Kuchana	Executive Director		0.00	0.00
IBSS Inc., USA	A wholly Owned subsidiary	Software & consultancy services	693.62	121.74
Lexicon Private Limited - Mauritius	Holding Company		63.80	128.48

FOR 2005-06

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Ramaswamy Kuchana	Managing Director	Directors Remuneration & Perquisites	3.00	0.00
Pavan Kumar Kuchana	Executive Director		0.00	0.00
Kamal Kumar Kuchana	Director		0.00	0.00
IBSS Inc., USA	A wholly Owned subsidiary	Software & consultancy services	652.68	344.78

Note 1:
Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006

STANDALONE SCHEDULE FOR: CONTINGENT LIABILITY

SCHEDULE (16)

There is no Contingent Liability as per the records and books of accounts and notes to the accounts for any of the last five financial years and for the period ended on 30th June, 2010. However, there will be liability arising out of disposal of compounding applications which are pending at RBI & FEMA. The liability on account of these applications cannot be quantified with reasonable certainty at this juncture.

STANDALONE SCHEDULE FOR: RESTATEMENT OF ACCOUNTS

(Amount in Rs. lacs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 30.06.2010
	2006	2007	2008	2009	2010	
Balance carried to balance sheet as per the restated financial statement (A)	69.25	788.84	1403.21	240.42	809.01	612.69
Balance carried to balance sheet as per the audited financial statement (B)	212.08	646.01	1403.21	240.42	809.01	612.69
Increase/(Decrease) (A-B)	**-142.83**	**142.83**	**0.00**	**0.00**	**0.00**	**0.00**

Note: Deferred revenue expenditure for Rs. 142.83/- lacs for FY 2006-07 has been completely written off in FY 2005-06 for the restated statement.

FINANCIAL INDEBTEDNESS

Our Company is enjoying various credit facilities as sanctioned by Banks and Financial Institutions for conducting our business operations.

Details of Secured Borrowings of our Company

Set forth below is a brief summary of our Company's Secured Borrowings from IDBI bank as on August 18, 2010 with a brief description of certain significant terms of such financing arrangements:

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Cash Credit
ii	Limit/Amount	Rs.850lakh (Rs.8.50 Crores)
iii	Purpose	Working Capital
iv	Rate of Interest	@BBR+3.75% p.a. = 11.75% p.a. Current BBR is 8% p.a.
v	Upfront fees	1% + Service tax i.e. Rs,11,03,000/- which is non-refundable
vi	Other Charges	Documentation Charges & out of pocket charges of actual
vii	Margin	35% on book debts up to 180 days
viii	Tenure	12 months subject to annual review, repayable on demand
ix	Primary Security:	First Charge on the entire current assets of the company
x	Collateral Security:	• Equitable Mortgage of land and residential house constructed thereon located at survey no.1023.H.No.1-7-1266/1, Advocates colony, Balasamudram, Hanmakonda, Warangal admeasuring 711 sq. yards standing on the name of Pavan Kuchana (MD). Approx Market Value: Rs.280 lakh. • Equitable mortgage of Land and Residential House constructed thereon located at Sy.no.1845, H.No.16-4-1260 &16-4-65/3-6, Shivanagar, ward no.16, Block.no.6, Warangal admeasuring 300 sq. yards on the name of Smt. Bhagya Lakshmi Kuchana, mother of Pavan Kuchana, Approx. Market Value:Rs.120 lakh. • Equitable Mortgage of House property bearing Municipal no.8-2-601/B/28, constructed on plot bearing no.28, Duplex Flat No: 201, 2nd and 3rd floor, Located at Bhanu Co-op Society, Road No.10, Banjara Hills, Hyderabad, A.P. on the name of A Srikant and has market Value Rs.131 lakh and additional commercial propriety at F-1 first floor, Kavuri hills, Serilingampally, GHMC, Randa Reddy District, Andhra Pradesh, on the name of A Sriram and has market Value Rs.352 lakh
xi	Guarantee	• Mr. Pavan Kumar Kuchana • Mrs. Bhagya Laxmi Kuchana • Mr. A. Srikant & • Mrs. A. Sriram
		Corporate Guarantee of Lexicon Private Limited.

Restrictive Covenants:

1. A stamped undertaking to be submitted in favour of IDBI Bank to the following effect that during the currency of bank's credit facilities, the Company shall not, without IDBI Bank's permission in writing [EOD]:-

- Effect any adverse changes in the Company's capital structure.
- Formulate any scheme of amalgamation or merger or reconstruction.
- Implement any scheme of expansion or diversification or capital expenditure except normal replacements indicated in funds flow statement submitted to and approved by the Bank.
- Enter into any borrowing or non-borrowing arrangements either secured or unsecured with any other bank, financial institution and company or otherwise or accept deposits in excess of the limits laid down by Reserve Bank of India.
- Invest by way of share capital in or lent or advance funds to or place deposits with any other company/ company/ concern (including group companies/associates)/ persons. Normal trade credit or security deposit in the normal course of business or advance to employees can, however be extended.
- Undertake guarantee obligations on behalf of any other company.
- Declare dividend for any year except out of profits relating to that year after meeting all the financial commitments to the bank and making all due and necessary provisions.
- Make any drastic change(s) in its management set-up.
- Sell or dispose off or create security or encumbrances on the assets charged to the bank in favor of any other bank, financial institution, company, company, individual.
- Repay monies brought in by the promoters, partners, directors, share holders, their relatives and friends in the business of the company/ company by way of deposits/ loans/ share application money etc.

2. The credit facilities shall be utilized only for the purposes for which same are granted and said facilities shall not be 'diverted' or 'siphoned off' or used for any other purposes.

3. IDBI Bank shall have the right to sell, transfer, assign or securitize the loan / advance sanctioned and disbursed to you.

Additional Conditions:

1) Events of default as detailed below and related covenants are as under:-

<table>
<tr><td>General</td><td>IDBI Bank has reserved the right to withdraw the facilities in the event of any change in circumstances including but not limited to a material change in ownership / shareholding pattern / management of the firm.
The Company shall not divert the facilities to inter-corporate deposits, debentures, stocks and shares, real estate business, etc. In case of diversion to other uses, the facilities will be withdrawn forthwith and will also attract penal interest @ 2% over and above the rate charged till the repayment.
The Company is required to submit such other information / documents to IDBI as may be required from time to time.</td></tr>
<tr><td>Financial</td><td><table>
<tr><th>Particulars</th><th>Stipulated</th></tr>
<tr><td>Current Ratio</td><td>Less than 1.33</td></tr>
<tr><td>TOTOL/TNW</td><td>More than 2</td></tr>
<tr><td>Company incurring Cash loss</td><td>Yes</td></tr>
<tr><td>Change in Management</td><td>Yes</td></tr>
</table></td></tr>
</table>

2) In the event of default in performance of any of the aforesaid covenants, IDBI Bank shall have right to review the Facilities including stipulation of additional security and Terms & Conditions.

3) The Company has undertaken that non-fund based business like CMS, Tax collection; Insurance, Govt, remittances, etc. to the extent competitive and other corporate & trade finance products would be given to IDBI Bank.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATION AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion of our financial condition and results of operations together with restated audited standalone financial statements of our Company included in this Draft Red Herring Prospectus, including the notes thereto and reports thereon. This financial information has been prepared in accordance with Indian GAAP, the SEBI ICDR Regulations and the Companies Act and restated in accordance with the SEBI ICDR Regulations. Our Company's fiscal year ends on March 31 of each year; all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections "Risk Factors" and "Our Business" on pages xvi and 78, respectively.

OVERVIEW

We are comprehensive IT Solution Company focused on providing products and services for the companies engaged in financial services industry & Telecom, which are driven by technology all over the world. Our 11 years of presence in the industry has given us good business domain knowledge and experience in deploying products & solutions. Our revenues have grown from Rs. 3202.97 Lakhs for the Fiscal 2008, to Rs. 3543.03 Lakhs for the Fiscal 2009, to Rs. 4950.15 Lakhs for the Fiscal 2010, in large part due to strategic acquisitions in the recent past. These strategic moves have benefitted us in our financial performance and have enabled us to grow at 5 year CAGR (ending Fiscal 2010) of over 48.81% in our revenues and about 53.63% and 63.50% in our EBITDA and Profits after Tax respectively

The knowledge and experience gained by our team drive us to many new and exciting developments. Our blend of academic and technical knowledge allows us to provide range of IT services. Headquartered in Hyderabad, with a offices in North America, we provide professional IT services to global clients. Our solutions together with our expertise, drives our clients to become a value based, performance-focused organizations.

Our Company vision of simplifying Information Technology for business. Our Company has since than evolved to emerge as a specialized solutions provider offering Wealth Management Technology Solutions, Telecom Solutions, Business Intelligence, Data Warehousing, Application Development and Application Maintenance

The Company's solutions/services, in general technical areas, include the following:

- Wealth Management Solutions
- Telecom Solutions
- Application Development & Maintenance
- Data Warehousing & Business Intelligence
- Offshore Outsourcing

All the above aspects have resulted in arriving at a new business mix wherein resources allocation is done with a judicious evaluation of risk and reward.

We are in the process of expanding our operations and we have recently started our operations from Delaware. We already have our presence in India and New Jersey. We propose to expand our operations in Asia-Pacific markets and Middle Eastern countries.

We will continue to explore opportunities for acquisitions or joint ventures or alliances that leverage on the existing service offerings, cater to new client relationships or give us a presence in complementary markets. We will pursue strategic acquisitions and other inorganic initiatives that will strengthen our competitive position as well as drive profitable revenue growth.

The Company maintains effective internal controls, systems and procedures for management of its business. As a part of this process, system and procedures are regularly reviewed and strengthened. The company has a proper and adequate system to ensure that all assets are safeguard and protected against loss, theft, unauthorized use and damage from improper use.

As a people-based business, we continue to invest in the development of our professionals and to provide them with entrepreneurial opportunities and career development and advancement. Our technology, business consulting and project management councils ensure that each client team learns best practices being developed across our company and our recognition program rewards teams for implementing those practices. We believe these results in a team of motivated professionals armed with the ability to deliver high-quality and high-value services for our clients.

The company has a large pool of talented and knowledgeable personnel. The company offers several in-house training programs to its personnel. This is aimed at continuous development and improvement of the company's talent pool. Industrial relations at the plant remained cordial throughout the year.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

The company revenues have grown from Rs. 3202.97 Lakhs for the Fiscal 2008, to Rs. 3543.03 Lakhs for the Fiscal 2009, to Rs. 4950.15 Lakhs for the Fiscal 2010, in large part due to strategic acquisitions in the recent past. These strategic moves have benefitted us in our financial performance and have enabled us to grow at 5 year CAGR (ending Fiscal 2010) of over 48.81% in our revenues and about 53.63% and 63.50% in our EBITDA and Profits after Tax respectively. The paid-up equity share capital stood at Rs.1635.21 lacs. The Earnings Per Share (EPS) were Rs. 5.84 as the company is going for expansion hence dividend not recommended.

Factors that may affect Results of Operations

Except as otherwise stated in this Draft Red Herring Prospectus, the risk factors given in this Draft Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting information technology (IT) industrial development activity;
- Increasing competition in the industry;
- Increases in professional employees costs, software license, insurance premium, etc;
- Amount that our Company is able to realize from the clients;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India and other countries where we operates;
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting, policies please refer to the section titled '*Financial Information*' beginning on page no 125 of this Draft Red Herring Prospectus.

Results of Operations of the Company

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	30-06-2010
Total Income	678.35	1186.45	3202.97	3543.03	4950.15	2624.08
Total Expenditure	576.78	362.51	1552.99	3217.09	4080.76	1997.17
Total Expenditure % of Total Income	85.03%	30.55%	48.49%	90.80%	82.44%	76.11%
EBDITA	101.57	823.94	1649.98	325.94	869.39	626.91
EBDITA as a % to Total Income	14.97%	69.45%	51.51%	9.20%	17.56%	23.89%
Finance Charge/Interest Cost	12.29	16.78	33.86	50.93	53.99	12.50
Finance Cost as % of Total Income	1.81%	1.41%	1.06%	1.44%	1.09%	0.48%
Depreciation	12.95	14.35	30.65	31.87	6.39	1.72
Depreciation as % of Total Income	1.91%	1.21%	0.96%	0.90%	0.13%	0.07%
Profit Before Tax (PBT)	76.33	792.81	1585.47	243.14	809.01	612.69
Profit After Taxation (PAT)	69.25	788.84	1403.21	240.42	809.01	612.69

Note: *Figures have been regrouped wherever necessary to make the data comparable.*

FINANCIAL PERFORMANCE OF FY 2009-10 VS 2008-09

Revenue

The Revenue of our Company in the Financial Year 2009-10 was Rs.4950.15 Lacs as compared to Rs. 3543.03 Lacs in the Financial Year 2008-09. On an annualized basis, there has been increase of 39.72% in the Financial Year 2009-10. The significant increment in revenue was on account of revival of the US economy during 2009-10 as compared to 2008-09 enabling us to scale up our operations. During 2008-09 the US market was in a meltdown.

Operational Cost

The cost of the Operation has been increased from Rs. 2945.61 Lacs in the Financial Year 2008-09 to Rs. 3276.57 Lacs in the Financial Year 2009-10. On an annualized basis, there has been increase of 11.24% in the Financial Year 2009-10. The cost of operations as a percentage of Revenue during 2008-09 was 83.14% as compared to that 66.19% during 2009-10 signifying economy and efficiency of operations. The annualised increase of 11.24% increase in cost of operations during 2009-10 compared to 2008-09 was on account of increased levels of revenue which compare favourably as explained.

Personnel Cost

Personnel Cost of the company decreased from Rs.205.64 Lacs in the Financial Year 2008-09 to Rs.125.21Lacs in the Financial Year 2009-10. On an annualized basis, there has been decrease of

39.11% in the Financial Year 2009-10. The personal cost decrease during 2009-10 as compared to 2008-09 was on account of a substitution of high cost personnel with reasonable cot ones with comparable skills and outsourcing of operations wherever necessary. Outsourcing enables us to have better control over time and deployment costs of personnel.

Administrative and Other Expenses

Administrative and Other Expenses increased from Rs 65.84 Lacs in 2008-09 to Rs 122.15 Lacs in 2009-10 and the increase was 85.55% as compared to previous year. The increase in Administrative and other expenses during 2009-10 as compared to 2008-09 was on account of Loss of fixed assets of Rs.134.72 lakhs in 2009-10 due to loss of assets deployed in leasehold premises subsequent to shifting to new premises and Provision of Rs.42.00 lakhs during 2009-10 toward interest payable on outstanding statutory liabilities.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)

EBIDTA of the Company is Rs 869.39 Lacs in Financial Year 2009-10 which was 17.56% of total Income and Rs 325.94 Lacs in Financial Year 2008-09 which was 9.20% of Total Income. Increase in EBIDTA during 2009-10 as % of revenue as compared to that in 2008-09 was primarily due to Increased income in 2009-10 than in 2008-09 and Economies of personnel cost.

Interest

The Interest for the financial year 2008-09 was Rs.50.93 Lacs whereas for the Financial Year 2009-10 was Rs.53.99 Lacs. The increased interest cost during 2009-10 as compared to that in 2008-10 was due to increased interest incidence on cash credit during 2009-10.

Depreciation

The depreciation for the Financial Year 2008-09 was Rs.31.87 Lacs whereas for the Financial Year 2009-10 was Rs.6.39 Lacs. Depreciation during 200-10 at Rs.6.39 lakhs was on new assets only and there was no depreciation of leasehold assets which have been lost due to change of premises.

Profit before Tax

The PBT of the company has increased from Rs.243.14 Lacs in the FY 2008-09 to Rs.809.01 Lacs in the FY 2009-10. The Profit before Tax has increased 232.73% as compared to previous year. The increase in profit in 2009-10 as compared to 2008-09 was primarily due to increased income in 2009-10 than in 2008-09 and Economies of personnel cost.

FINANCIAL PERFORMANCE OF FY 2008-09 VS 2007-08

Revenue

The Revenue of our Company in the Financial Year 2007-08 was Rs.3202.97 Lacs as compared to Rs. 3543.03 Lacs in the Financial Year 2008-09. On an annualized basis, there has been increase of 10.62% in the Financial Year 2008-09. Our Company's markets are in USA which was badly affected due to recession. However, we could sustain our level of operations considering exchange rate fluctuations in 2007-08 as compared to 2008-09.

Operational Cost

The cost of the Operation has been increased from Rs. 1181.67 Lacs in the Financial Year 2007-08 to Rs. 2945.61 Lacs in the Financial Year 2008-09. On an annualized basis, there has been increase of 149.28% in the Financial Year 2008-09. Due to recession in US economy, our margins have been significantly affected due to severe cost cutting. The cost increase was also due to increase in average dollar cost vis-à-vis rupee in 2008-09 than in 2007-08.

Personnel Cost

Personnel Cost of the company increased from Rs.150.36 Lacs in the Financial Year 2007-08 to Rs.205.64Lacs in the Financial Year 2008-09. On an annualized basis, there has been increase of 39.11% in the Financial Year 2008-09. Due to recession in US economy, our personnel cost was high in 2009-10visavis revenue due to under utilisation of manpower. The cost increase was also due to increase in average dollar cost vis-à-vis rupee in 2008-09 than in 2007-08.

Administrative and Other Expenses

Administrative and Other Expenses increased from Rs 61.72 Lacs in 2007-08 to Rs 65.84 Lacs in 2008-09 and the increase was 6.68% as compared to previous year. The increase in administrative and other expenses during 2008-09 as compared to 2007-08 was not significant and also favourably comparable.

Earning before Interest, Depreciation, Tax and Amortization (EBIDTA)

EBIDTA of the Company is Rs 1649.98 Lacs in Financial Year 2007-08 which was 51.51% of total Income and Rs 325.94 Lacs in Financial Year 2008-09 which was 9.20% of Total Income. EBITA during 2008-09 was drastically reduced in 2008-09 as compared to 2007-08 due to on account of recession in US economy leading to reduction in Income, Price cutting due to intense competition and underutilisation of manpower resulting in higher personnel costs

Interest

The Interest for the financial year 2008-09 was Rs.50.93 Lacs whereas for the Financial Year 2007-08 was Rs.33.86 Lacs. The increase in interest cost in 2008-09 as compared to 2007-08 was on account of Increase in interest on cash credit and addition of interest on unsecured loans

Depreciation

The depreciation for the Financial Year 2008-09 was Rs.31.87 Lacs whereas for the Financial Year 2007-08 was Rs.30.65 Lacs. The increase in depreciation during 2008-09 as compared to 2007-08 was not significant.

Profit Before Tax

The PBT of the company has decreased from Rs.1585.47 Lacs in the FY 2007-08 to Rs.243.14 Lacs in the FY 2008-09. There has been a drastic reduction PBT in 2008-09 as compared to that in 2007-08 was due to mainly on account of recession in US economy leading to reduction in Income, Price cutting due to intense competition, Underutilisation of manpower resulting in higher personnel costs, Increase in interest on cash credit and addition of interest on unsecured loans

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW

1. Unusual or infrequent events or transactions

There have been no events or material transactions to our knowledge, which may be described as "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Any major changes in the policies of the Government towards IT industry would have a significant impact on the operations of our Company. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the section titled 'Risk Factors' on page no xiv of this Draft Red Herring Prospectus.

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

Other than as described in the section titled "Risk Factors" on page xiv of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

4. Future relationship between Costs and Income

Other than as described in the section entitled "Risk Factors" on page xiv of this Draft Red Herring Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last three fiscal years are explained in "Management's Discussion and Analysis of Financial Condition & Results of Operations" under the subsections "Comparison of the financial performance of FY 2010 with FY 2009" and "Comparison of the financial performance of FY 2009 with FY 2008 ".

6. Total turnover of each major industry segment in which the issuer company operates.

The Company is operating only in one industry, i.e. Information Technology. Relevant industry data, as available, has been included in the section titled "Industry" beginning on page 60 of this Draft Red Herring Prospectus.

7. Status of any publicly announced new products or business segment.

Please refer to the section titled "Our Business" beginning on page 78 of this Draft Red Herring Prospectus.

8. The extent to which the business is seasonal

The business of the Company is not seasonal in nature. However, the construction activities are affected sometimes due to adverse weather conditions such as heavy rains.

9. Any significant dependence on a single or few suppliers or customers

There is no dependence on a single or few suppliers or customers.

10. Competitive Conditions

We will face competition from existing players in IT industry.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

This section has been divided into six parts:

Part 1 Contingent Liabilities of our Company
Part 2 Litigation relating to our Company
Part 3 Litigation against out Directors
Part 4 Litigation relating to our Promoter and Group Companies
Part 5 Amounts owed to Small Scale Undertakings and other Creditors
Part 6 Material Developments

Part 1 Contingent Liabilities of our Company
As on March 31, 2010 and 30th June 2010, there are no Contingent Liabilities

Part 2 Litigation relating to Our Company

A) FILED AGAINST OUR COMPANY

1. Litigation Involving Civil Laws: NIL
2. Litigation Involving Criminal Laws: NIL
3. Litigation Involving Securities and Economic Laws NIL
4. Litigation Involving Statutory Laws NIL
5. Litigation Involving Labour Laws NIL

(B) FILED BY THE ISSUER COMPANY

- Litigation Involving Civil Laws NIL
- Litigation Involving Criminal Laws NIL
- Litigation Involving Securities and Economic Laws NIL
- Litigation Involving Statutory Laws - NIL
- Litigation Involving Labour Laws NIL

PART 3 - LITIGATION AGAINST OUR DIRECTORS

A. Litigations against Directors of the Company: NIL
B. Cases Filed by Directors of the Company: NIL

PART 4 - LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES

- **OUR PROMOTER**

A. Litigation against Promoter of the Company - NIL
B. Cases Filed by Promoter of the Company: NIL

- **OUR PROMOTER GROUP**

A. Litigation against Promoter Group of the Issuer Company: NIL

B. Cases Filed by Promoter Group of the Issuer Company: NIL

PART 5 – AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS
Amount owed to small scale undertakings and other creditors is not determined.

PART 6 – MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE, THAT IS, MARCH 31, 2010 AND 30TH JUNE 2010

There has been no material development in relation to our Company, its Promoters or our Group Companies since June 30, 2010, except as disclosed below.

Term loan

On August 18, 2010, cash credit facility of Rs. 850.00 Lacs was sanctioned to the Company by IDBI Bank, Mumbai for the purpose of working capital at the rate of Interest is 11.75% and the tenure is 12 months subject to annual review, and which will be repayable on demand and the first charge will be entire current asset of the company.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Draft Red Herring Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business

- **APPROVALS FOR THE ISSUE**

Corporate Approvals

The following approvals have been obtained in connection with the Issue:

1. The Board of Directors have, pursuant to a resolution passed at its meeting held on 22nd November 2010 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

2. The shareholders of our Company have, pursuant to a special resolution held on 17th December 2010 under Section 81(1A) of the Companies Act, 1956 have authorized the Issue.

3. Board Resolution dated 27th December 2010 passed by the Board of the Company approving the Draft Red Herring Prospectus.

4. Our Company has obtained in-principle listing approvals dated [●], 2010 and [●], 2010 from the BSE and the NSE, respectively.

5. Tripartite agreement between the NSDL, our Company and the Registrar dated 02.12.2008.

6. Tripartite agreement between the CDSL, our Company and the Registrar dated 30.10.2007.

INCORPORATION AND OTHER DETAILS

Incorporation details of the Company

1. Certificate of Incorporation dated 23rd September, 1999 issued by the Registrar of Companies, Andhra Pradesh in the name of IBSS Techno-Park Private Limited bearing certificate No. 01/32556 of 1999-2000.

2. Fresh Certificate of Incorporation dated November 29, 2006 issued by the Registrar of Companies, Andhra Pradesh upon the change in name of the Company from "IBSS Techno-Park Private Limited" to "Taksheel Solutions Private Limited"

3. Fresh Certificate of Incorporation dated December 28 2006 issued by the Registrar of Companies, Andhra Pradesh upon the change in name of the Company from "Taksheel Solutions Private Limited" to "Taksheel Solutions Limited".

GENERAL AND CORPORATE APPROVALS

MUNICIPAL APPROVAL

1. Registration Certificate of Establishment bearing number DCL/HYD/78/2000 dated 26th August 2010 has been issued to our Company by the Inspector under the Andhra Pradesh Shops and Establishment Act, in respect of the premises situated at Lanco Hills Technology Park Private Limited, Survey No: 201, Manikonda Village, Rajendra Nagar Mandal, Rangareddy District, Hyderabad, India.

2. Importer Exporter Code of our Company is 5199002830 dated 1st January, 2000.

TAXATION RELATED APPROVALS AND LICENSES

3. The Company has obtained a professional tax registration number PJT/10/1/R/1791/2006-2007 under the Andhra Pradesh Tax on Professions, Trades, Calling and Employments Act, 1987 from the Profession Tax Officer.
4. The Tax Deduction Account Number ("TAN") of the Company is HYDI00531G, granted by Income Tax authority.
5. The Permanent Account Number ("PAN") of the Company is AAACI7325P, granted by Income Tax Department, Government of India.
6. The Tax Identification Number ("TIN") of the Company is 28877693688.
7. Certificate of Incorporation dated 16.11.2007 in respect of the Branch office of the company situated at 901, Market Street Suite 480, in the city of Wilmington, Delaware State
8. Employer Identification Number 26-1411881 granted by Department of Treasury, Internal Revenue Service, USA.
9. Tax payer Identification No: 1-26-1411881 issued by State of Delware, Division of Revenue

PREMISES SPECIFIC APPROVALS

India

By a letter bearing No: F.No: 9/069/SEZ/HYD/2009 dated March 03, 2009 the Office of the Development Commissioner, Visakhapatnam Special Economic Zone, Andhra Pradesh – Ministry of Commerce and Industry, Department of Commerce has extended our Company all facilities and entitlements admissible to a Unit in a Special Economic Zone in respect of the premises situated at Survey No: 201, Manikonda Village, Rajendra Nagar Mandal, Ranga Reddy District, in the State of Andhra Pradesh at Lanco Hills Technology Park Private Limited (SEZ), for undertaking manufacture and rendering services in respect of IT/IT Enabled Services (setting up, operation and maintenance).

LABOUR LAW REGISTRATIONS

1. The Company has obtained Employees' Provident Fund registration number AP/HY/37695 dated w.e.f. 19.07.2000 from Regional Provident Fund Commissioner, Employees' Provident Fund Organisation, Andhra Pradesh.

2. The Company has obtained employer's code number 52-00-033682-000-0911 dated August 12, 2010 under the Employees State Insurance Act, 1948

Investment Approvals

As per notification number bearing FEMA/20/2000-RB dated May 03, 2000, as amended from time to time, under the automatic route of the Reserve Bank India, our Company is not required to make an application for issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to the RBI Guidelines, as amended from time to time.

Pending Approvals:

Sr. No	Issuing Authority	Registration/ License No.	Nature of Registration/ License	Date of Application	Current Status
1	Greater Hyderabad Municipal Corporation	To be allotted	Application for Trade License	17.09.2010	Filed an Application with Greater Hyderabad Municipal Corporation, Hyderabad. Approvals awaited
2	Lanco Hills Technology Park Private Limited (SEZ)	Lease deed to be executed	SEZ Leased Premises	23.02.2009	Lease deed yet to be executed

Sr. No	Company	Trademarks	Class applied	Application no & Date	Current Status
3	Taksheel Solutions Ltd	Taksheel ECHOING INTEGRITY	9 & 42	1567463; June 12, 2007 *	Filed an Application with Trade Marks Registry, Chennai and application is pending.
4.	Taksheel Solutions Ltd	"Echoing Integrity"	9	1567464; June 12, 2007	Filed an Application with Trade Marks Registry, Chennai. The Trade Mark is advertised in journal no. 1408-0 dated 16.01.2009 and registration is awaited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on 22nd November 2010 and by the shareholders of our Company pursuant to a special resolution passed at the EGM of our Company held on 17th December 2010.

Prohibition by SEBI

Our Company, our Directors, our Promoters, and companies with which our Directors & Promoters are associated as Directors or Promoters or Partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors are associated with the securities markets in any manner, nor has SEBI initiated any action against them.

Prohibition by RBI

Our Company, our Directors, our Subsidiary, our Promoters, Promoter Group and the companies with which our Directors are associated as Directors or promoters, relatives (as per Companies Act, 1956) of Promoters have not been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them

Eligibility for this Issue

Our Company is an "unlisted Issuer" in terms of the SEBI ICDR Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI ICDR Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with unconsolidated audited financial statements under Indian GAAP:

a) Our Company has at least Rs. 300 Lacs of net tangible assets in each of the preceding 3 (three) full years (of twelve months each) of which not more than 50% are held in monetary assets. The minimum net tangible assets in last three were Rs. 1695.49 Lacs.

b) Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least 3 (three) of the immediately preceding 5 (five) years and is compliant with Regulation 26(1)(b) of the SEBI ICDR Regulations;

c) Our Company has a net worth of at least Rs. 100 Lacs in each of the preceding three full years (of twelve months each) and is compliant with Regulation 26(1)(c) of the SEBI ICDR Regulations; The minimum net worth of the company in the last three preceding year is Rs. 5520.65 Lacs.

d) The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of issue size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the preceding financial year and is compliant with Regulation 26 (1)(d) of the SEBI ICDR Regulations;

e) Our Company has not changed its name in the last fiscal year.

Our Company satisfies the aforementioned eligibility criteria (as derived from our Audit Report for the last five years ended FY 2010) as follows

(Amount in Rupees lacs)

PATICULARS	YEAR ENDED ON MARCH 31				
	2006	2007	2008	2009	2010
Net Tangible Assets*	259.79	985.62	1695.49	2948.31	5104.56
Monetary Assets**	3.48	1.40	97.80	137.96	12.45
Monetary Assets as a % of Net Assets	1.34%	0.14%	5.77%	4.68%	0.24%
Distributable Profit***	69.25	788.84	1403.21	240.42	809.01
Net Worth# as restated	558.15	1428.78	6265.04	5507.73	6319.01

Source: Standalone financial statements of our Company for the respective periods.

Notes:
** Net tangible assets is defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26), "Intangible Assets" issued by the Institute of Chartered Accountants of India. Net tangible assets are the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deffered tax liabilities and long term liabilities), and net of provision for diminution in value;*
***Monetary assets include cash on hand and bank balances;*
****Distributable profits are as defined under Section 205 of the Companies Act.*
 # Net worth is defined as the aggregate of equity share capital and reserves and surplus.

Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees i.e. persons to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application money shall be refunded forthwith. In case of delay, if any, in refund of application money, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay beyond fifteen days from the date of closure of the Issue.

Compliance with Part A of Schedule VIII of the SEBI Regulations

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI (ICDR) Regulations. No exemption from eligibility norms has been sought under regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue. Further, our Company has not been formed by the conversion of a partnership firm into a company.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, PNB INVESTMENT SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIMEBEING.

THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FORMAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PNB INVESTMENT SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 29th DECEMBER, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"WE THE BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:
(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD /

TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TOTHE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, THEREFORE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The Promoters/Directors of our Company 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 Offer Document has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement / misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to a mis-statement/ mis-representation, the Promoters / Directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

Caution - Disclaimer statement from the Company and the BRLM

Our Company, our Directors and the BRLM accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information including our Company's website: www.taksheel.com would be doing so at his own risk.

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by the Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

The BRLM and its associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

Neither the Company nor the Syndicate Members are liable to Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our affiliates or associates in the ordinary course of business and have engaged or may in future engage in commercial banking or investment banking transactions with our Company and our affiliates or associates for which they have received, and may in future receive compensation.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective Directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company.

Our Company, the Underwriters and their respective Directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, national investment funds, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, eligible NRIs, multilateral and bilateral institutions, FIIs and Foreign Venture Capital Funds Registered with SEBI. This DRHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad 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 the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the Bombay Stock Exchange Limited ("BSE")

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the National Stock Exchange of India Limited ("NSE")

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer clause of the IPO Grading Agency
[●]

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

a. who 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."

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Regional Office of SEBI at:

SEBI Southern Regional Office, 32, D' Monte Colony, TTK Road, Alwarpet, Chennai – 600 018, Tamilnadu
Tel: +91-44-24674000/24674150; Fax: +91-44-24674001; E-mail: sebisro@sebi.gov.in

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of Companies situated at 2nd floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195, Andhra Pradesh, India, at least 3 (three) days before the Bid / Issue Opening Date.

A copy of the Prospectus would also be filed with SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange with which the basis of Allotment will be finalised. If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Consents

Necessary consents for the issue have been obtained from the following:

1. Promoters of our Company
2. Directors of our Company
3. Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Syndicate Member(s)
9. Company Secretary & Compliance Officer
10. Bankers to the Issue
11. Refund Banker
12. Underwriter(s) to the Issue
13. IPO Grading Agency

** Consents from the Bankers to the Issue, Refund Bankers, IPO Grading Agency, and Underwriter to the Issue and Syndicate Member(s) shall be obtained prior to the filing of the Red Herring Prospectus with the RoC. Other consents mentioned herein above have been obtained prior to filing of this Draft Red Herring Prospectus with the SEBI.*

The said consents would be filed with the RoC along with the copy of the DRHP, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the RoC.

Karumanchi & Associates & Co., Chartered Accountants, who have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI, have given their written consent to the inclusion of their report to the tax benefits accruing to our Company and its members in the form and context in which it appears in this DRHP and have not withdrawn such consent up to the time of delivery of this DRHP for registration with the RoC.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), our Company has not obtained any expert opinions.

Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated expenses of the Issue are as follows:

(Rs. in Lacs)

Activity	Estimated Expenses	As a % of total estimated Issue expenses	As a % of total Issue size
Listing Fees & expenses of SEBI	[*]	[*]	[*]
Fees payable to the Book Running Lead Manager	[*]	[*]	[*]
Fees payable to the Registrar to the Issue	[*]	[*]	[*]
Underwriting and selling commission	[*]	[*]	[*]
Advertising and marketing expenses	[*]	[*]	[*]
Commission to SCSBs and Syndicate Members	[*]	[*]	[*]
IPO Grading expenses	[*]	[*]	[*]
Others (legal fees, printing and stationery expenses, etc.)	[*]	[*]	[*]
Total estimated Issue expenses	[*]	[*]	[*]

** Will be incorporated after finalisation of Issue Price.*

Fees Payable to the BRLM and the members of the Syndicate

The total fees payable to the BRLM i.e. PNB Investment Services Limited and the members of the Syndicate will be as per the engagement letters dated 24th December 2010 respectively, a copy of which shall be available for inspection at the Registered Office and forms part of Material Contracts & Documents.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Bigshare Services Private Limited, will be as per the Memorandum of Understanding executed between our Company and the Registrar dated 18th November 2010 a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Draft Red Herring Prospectus or send allotment advice by registered post / speed post / under certificate of posting.

Particulars regarding Public or Rights Issues during last five (5) years

Our Company has not made any previous public or rights issue in India or abroad in the five (5) years preceding the date of this Draft Red Herring Prospectus.

Previous issue of Equity Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash, except Bonus Issue, as mentioned in the section titled 'Capital Structure' on page 24 of this Draft Red Herring Prospectus.

Underwriting Commission, brokerage, and selling commission on Previous Issues

Since this is the Initial Public Offer of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Companies under same Management

No company under the same management within the meaning of Section 370 (1B) of the Companies Act has made any public issue or rights issue during the last three (3) years.

Performance vis-à-vis Objectives

There has not been any previous public issue or rights issue of our Equity Shares. None of our Group Entities/ Associates of the Company are listed on any Stock Exchange and have not made any public issue or rights issue of shares.

Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Outstanding Debentures or Issue of Bonds or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Stock Market Data for our Company's Equity Shares

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchange.

Purchase of property

Except as stated in "Objects of the Issue" on page 36, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

1. The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or

2. The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, our Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor's Grievances

Our Company has constituted a Shareholders' / Investors' Grievance Committee to look into the redressal of the shareholders / investors complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer section titled "Shareholders' / Investors' Grievance Committee" beginning on page no 113 under the section titled "Our Management" beginning on page no 107 of the Draft Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investor's Grievances and Redressal Mechanism

We have appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance Officer. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Our Company has appointed Mr. Naresh Kumar Miryala, Company Secretary and Compliance Officer to redress complaints, if any, of the investors participating in the Issue. He can be contacted at the following address:

Taksheel Solutions Limited
Registered Office Lanco Hills Technology Park Private Limited (SEZ)
Survey No.201, Manikonda Village,
Rajendra Nagar Mandal, Hyderabad - 500 089,
Andhra Pradesh, India
Tel: +91-40-40272479;
Fax: +91-40-40215916;
Website: www.taksheel.com
Email: ipo@taksheel.com;

Contact Person: Mr. Naresh Kumar Miryala - *Company Secretary & Compliance Officer*.
We have also constituted a Shareholders, Share Transfers and Investors' Grievance Committee of the Board vide resolution passed at the Board Meeting held on 5th August, 2010. The composition of the Shareholders, Share Transfers and Investors' Grievance Committee is as follows:-

The Shareholders/Investor Grievance and Share Transfer Committee of the Company comprises of the following Directors as members:

S. No	Name of the Member	Designation	Status
1.	Mr. Vijay Kumar Devarakonda	Chairman	Non-Executive Independent Director
2.	Mr. N.V.Ramana	Member	Non-Executive Independent Director
3.	Mr. Ramswamy Kuchana	Member	Non-Executive Independent Director

For further details, please refer to the chapter titled "Our Management" beginning on page 107 of this Draft Red Herring Prospectus. Investors can contact the Compliance Officer or the Company Secretary or the Registrar to the Issue in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Changes in Auditors

There has been a change in the Statutory Auditor of our Company in the last three years. The details of the changes in Statutory auditor are as follows:-

S.No	Name of the Statutory Auditor	Date of Appointment	Date of Cessation	Reason
1	Anandam & Associates	23.09.1999	15.01.2010	Due to pre occupation
2	Karumanchi & Associates	03.03.2010	NA	NA

Capitalisation of Reserves or Profits

Except as stated in the section titled "Capital Structure" beginning on page no 24 of this Draft Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

Our Company has not revalued its assets in the last five (5) years.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of the borrowings or deposits of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation. Except as disclosed in "Related Party Transaction" on page no: 144, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company

SECTION X - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, including ASBA forms 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.

Authority for the Issue
The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 22nd November 2010 subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Company's Act by a special resolution at the EGM held on 17th December 2010.

Ranking of Equity Shares
The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of allotment. For further details, see the section *"Main Provisions of the Articles of Association of our Company"* beginning on page 211 of the Draft Red Herring Prospectus.

Mode of payment of dividend
The declaration and payment of dividend will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial conditions. We shall pay dividends in cash and as per the provisions of Companies Act and the Articles of Association of Our Company.

Face Value and Price Band
The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Draft Red Herring Prospectus at a price of Rs. [•] per share. The Floor Price is Rs. [•] and the Cap Price is Rs. [•] per Equity Share. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building. At any given point of time, there shall be only one denomination for the Equity Shares of our Company. The Issue Price is (*) times of the face value of Equity Shares.

Compliance with SEBI ICDR Regulations
Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder
Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled *"Main Provisions of the Articles of Association of our Company"* beginning on page 211 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [.] Equity Shares. For details of allocation and allotment, please refer to the section titled *"Issue Procedure"* beginning on page 180 of the Draft Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Bidding Period

Bidders may submit their Bid only in the Bidding period. The Bid/Issue opening date is (*) and the Bid/Issue closing date is (*)

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue through the Draft Red Herring Prospectus including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated there under.
Further, in accordance with sub-regulation (4) of regulation 26 of SEBI (ICDR) Regulations we shall ensure that the number of prospective allottees to whom the Equity Shares are allotted will not be less than 1,000. If the number of Allottees in the proposed Issue is less than 1,000 Allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable

Arrangement for disposal of odd lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in *"Capital Structure"* beginning on page 24 of the Draft Red Herring Prospectus, and except as provided in our Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/splitting except as provided in the Articles of Association. Please see *"Main Provisions of the Articles of Association of our Company"* beginning on page 211 of the Draft Red Herring Prospectus.

New financial instruments

There are no new financial instruments such as deep discounted bonds, debentures, warrants, secured premium notes etc. issued by our Company.

Option to receive securities in Dematerialized Form

Allotment to all successful Bidders will only be in dematerialized form. Bidders will not have the option of receiving allotment of the Equity Shares in physical form.

ISSUE STRUCTURE

Initial Public Offering of 55,00,000 Equity Shares of face value of Rs.10 each for cash at a price of [•] per Equity Share (including share premium of [•] per Equity Share) aggregating [•] Lakhs, (hereinafter referred to as the "Issue"). The Issue will constitute 25.17% of the total post issue paid-up equity capital of our Company. The Issue is being made through the 100% Book Building Process:

Particulars	Qualified Institutional Bidders	Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 27,50,000 Equity Shares or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders	Not less than 8,25,000 Equity Shares shall be available for allocation	Not less than 19,25,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for Allotment / Allocation	Up to 50% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) The balance Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.200,000.00 and in multiples of **[•]** Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000.00 and in multiples of **[•]** Equity Shares thereafter.	**[•]** Equity Shares and in multiples of [•] Equity Shares thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 200,000.00
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[•] Equity Shares in multiples of [•] Equity Shares.	[•] Equity Shares in multiples of [•] Equity Shares.	[•] Equity Shares in multiples of [•] Equity Shares.
Allotment Lot	[•] Equity Shares in multiples of one Equity	[•] Equity Shares in multiples of one Equity	[•] Equity Shares in multiples of one Equity

	Shares.	Shares.	Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds, (subject to applicable laws) with minimum corpus of Rs. 2500 Lakhs and pension funds with minimum corpus of 2500 Lakhs in accordance with applicable law, National Investment Fund set up by Government of India and insurance funds set up and managed by the army, navy and air force of the Union of India, insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed Rs. 200,000.00 in value.
Terms of Payment	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Upto 50% of the Issue shall be allocated to QIBs on a proportionate basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The balance of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand from Mutual Funds is less than 1,37,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on proportionate basis. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 35% of the Issue will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price. Under-subscription in any category would be allowed to be met with spill-over from other categories or a combination

of categories at the discretion of our Company in consultation with the BRLM. For further details, see “Issue Procedure” on page 180 of this DRHP.

** In case the Bid cum Application Form is submitted in joint names, the Bidders 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.

In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Withdrawal of the Issue
Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue, including at any time after the Bid Opening Date but before the Allotment of the Equity Shares. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchange. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after the Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchange.

Bid/Issue Program

BID/ISSUE OPENS ON	**(*) 2011**
BID/ISSUE CLOSES ON	**(*) 2011**

Bids and any revision in Bids shall be accepted only between 10.00 AM and 5.00 PM (Indian Standard Time) during the Bidding / Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except than on the Bid/Issue Closing Date. On the Bid/Issue Closing Date, the Bids and any revision of bids (excluding the ASBA Bidders) shall be accepted only between 10:00 AM and 3:00 PM (Indian Standard Time) during the bidding period and shall be uploaded until (i) 4.00 PM in case of Bids by QIB Bidders, Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE, in case of Bids by Retail Individual Bidders bidding under the Employee Reservation Portion, where the Bid Amount is up to Rs. 2,00,000. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. The time mentioned at all places in this Draft Red Herring Prospectus refers to the Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue

Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such bids are not uploaded, our Company, the BRLM, and the Syndicate Members shall not be responsible.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading the bids received from Retail Individual Bidders after taking into account the total number of bids received up to the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure. Bids will be accepted only on Business days, i.e. Monday to Friday (excluding any public holiday).

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 issued by BSE, bids and any revision in bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchange. Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of a revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE, by issuing a press release, and also by indicating the change on the websites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders may participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form or ASBA Form, as the case may be. ASBA bidders intending to subscribe to the Issue shall submit a complete ASBA Form to the designated branch of SCSB or to the Syndicate / Sub-syndicate member.

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Issue to Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated to mutual funds). Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs or to the Syndicate or sub-syndicate members. Bids by QIBs shall be submitted only to the BRLM, other than Bids by QIBS who bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs or to the Syndicate or sub-syndicate members.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange. The Bid cum application forms which do not have the details of the Bidders depositary account, including DP ID, PAN & Beneficiary A/c no shall be treated as incomplete and which will be rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue) Bidders (excluding the ASBA bidders who can only bid at cut-off price) can bid at any price within the Price Band.

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price will be made available at the websites of the BSE (www.bseindia.com) during the Bidding / Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid cum Application / ASBA Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions_applying on repartriation basis.	Blue
Residential ASBA Bidders	White
Non-Resident ASBA Bidders	Pink

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorizing blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form. In case of application in physical form, the ASBA bidders shall submit a complete form to the designated branch of SCSB or to the Syndicate / Sub-syndicate member. In case of application in electronic form, the ASBA bidders shall submit a complete form either through the internet banking facility available with the SCSB or Syndicate / Sub-syndicate member or such other electronically enabled mechanism for bidding and blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form only. The ASBA Bid cum Application Form will also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Day. The BRLM and the SCSBs will provide the hyperlink to the BSE website on their respective websites.

Upon filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus 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 or the ASBA Bidder.

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;

5. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of Rs.250 mn. and who are authorized under their constitution to hold and invest in equity shares;
14. Pension funds a with minimum corpus of Rs.250 mn. and who are authorized under their constitution to hold and invest in equity shares;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India;
17. Insurance funds set up and managed by the Department of Posts, India;
18. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
19. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
20. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and
21. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

As per the existing regulations, OCBs are not eligible to participate in this Issue.

Note: Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law. Participation by associates and affiliates of BRLM and other Syndicate Members

Participation by associates and affiliates of the BRLM and the Syndicate Member(s)

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations, if any. However, associates and affiliates of the BRLM and Syndicate Member(s) may subscribe for the Equity Shares in the Issue, including in the QIBs and Non-Institutional portion where the allocation is on proportionate basis. Such holding or subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

Under the ICDR Regulations, 5% of the QIB Portion, i.e. 1,37,500 Equity Shares have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 1,37,500 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the total post Issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total post Issue paid-up capital of our Company or 5% of our total post Issue paid-up capital in case such sub-account is a foreign corporate or foreign individual.

As of now, the aggregate FII holding in the Company cannot exceed 24% of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of date of this DRHP no such resolution has been recommended for adoption

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008 ("SEBI Regulations"), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off-shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a Foreign Institutional Investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any off-shore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations.

Associates and affiliates of the underwriters including the BRLM and the Syndicate Member(s) that are FIIs may issue offshore derivative instruments against the Equity Shares allotted to them in the Issue. Any such off-shore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

Bids by Eligible NRIs

Bid cum Application forms have been made available for eligible NRIs applying on a repatriation basis at the Registered Office of our Company and with the members of the Syndicate.

Eligible NRIs should note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE/FCNR accounts shall be considered for Allotment on repatriation basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI.

Non Resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category.

Bids by SEBI registered Venture Capital Funds (VCF) and Foreign Venture Capital Investors (FVCI)
The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds can invest only up to 33.33% of the investible funds by way of subscription to an IPO of a venture capital undertaking whose shares are proposed to be listed.

The SEBI has issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the Draft Red Herring Prospectus with the SEBI.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs, 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 of association and articles of association and / or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

- With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

- With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own inquiries about the limits applicable to them. Our Company and the BRLM are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Maximum and Minimum Bid size
For Retail Bidders:

The Bid must be for minimum [□] number of Equity Shares and in multiples of [□] Equity Shares thereafter subject to maximum bid amount of Rs. 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000. In case, the Bid Amount is over Rs. 2,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. 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.

For Others (Non-Institutional Bidders and QIBs) Bidders:

The Bid must be for a minimum of such number of Equity Shares in multiples of [□] such that the Bid Amount payable by the Bidder exceeds Rs. 2,00,000 and in multiples of [□] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 2,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 2,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

The Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and one regional language newspaper with wide circulation. This advertisement shall be in the prescribed format.

Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

The Company may decide to close bidding by QIBs one day prior to the Bid/Issue Closing Date provided that Bidding shall be kept open for a minimum of three days for all categories of Bidders. The Company's decision to close Bidding by QIBs one day prior to the Bid/Issue Closing Date shall be disclosed in the Red Herring Prospectus to be filed with the RoC.

The Price Band shall be advertised at least two days prior to the Bid Opening Date/Issue Opening Date. Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

Any bidder (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this DRHP along with the Bid cum Application Form can obtain the same from the registered office of the Company or from the BRLM or from a member of the Syndicate or the SCSBs.

Eligible Bidders who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected.

Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchange by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

The DMAT A/c of the Bidders for whom PAN details have not been verified, excluding persons resident in the State of Sikkim, who may be exempted from specifying their PAN for transacting in the Securities Market, shall be 'suspended for credit' and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders

The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [●] Equity Shares. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will not be more than 120% 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.

Our Company in consultation with the BRLM shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.
In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three working Days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

Instructions for Completing the Bid cum Application Form
Bids and revision of bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- 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. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

- For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 2,00,000.
- 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. 2,00,000 and in multiples of [●] 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 to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or bank drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of a Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the record of the Bidder.

General Instructions:

Dos:

(a) Check if you are eligible to apply;

(b) Complete the Bid cum Application Form after reading all the instructions carefully;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilized by the Bidder for bidding;

(f) With respect to the ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;

(g) Ensure that you request for and receive a TRS for all your Bid options;

(h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;

(i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted though the SCSBs.

(j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(k) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;

(l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;

(m) Ensure that the Bid is within the Price Band;

(n) 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, 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.

(o) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application Form.

Don'ts:

(a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;

(b) Do not Bid for lower than minimum Bid size;

(c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;

(e) Do not pay Bid amount in cash, through stock invest, by money order or by postal order;

(f) Do not provide your GIR number instead of PAN number;

(g) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 2,00,000);

(h) Do not Bid for a Bid Amount exceeding Rs. 2,00,000 (for Bids by Retail Individual Bidders);

(i) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.

(j) Do not send Bid cum Application Forms by post, instead submit the same to a member of the Syndicate or the SCSBs only;

(k) Do not submit the Bids without the full Bid Amount.

(l) Do not bid through a Syndicate Member, if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.

Method and Process of Bidding

We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date after the filing of the Red Herring Prospectus with RoC and also publish the same and price band in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations, 2009.

The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date.

Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid. The Bidding Period shall be a minimum of 3 (three) working days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchange and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLM and the Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding 10 (Ten) working days.

During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorized agents to register their Bids. The Syndicate shall accept Bids from all the Bidders and have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no 186 of this DRHP) 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.
The Bidder cannot bid on another Bid cum Application Form after Bids have been submitted on one Bid cum Application Form to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled "Build up of the Book and Revision of Bids".

The Syndicate Members / SCSBs will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS' for each Bid cum Application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under paragraph titled "Escrow Mechanism, Terms of Payment and Payment into the Escrow Accounts" beginning on page no 191 under this Chapter in the Draft Red Herring Prospectus.

Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchange.

If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchange.

If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal / failure of the Issue or until withdrawal / rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revisions of Bids
The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date. The Bidders can bid at any price with in the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000 to Rs. 7,000.

In accordance with SEBI (ICDR) Regulations, 2009, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. 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. In case of revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary, such that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.

Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchange, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.

We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 2,00,000 may bid at 'Cut off'. However, bidding at 'Cut-off' is prohibited for QIB or Non- Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'Cut-off' Price could either:

1. Revise their Bid; or
2. Make an additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case, the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.
Please note that failure to do so could result in delays in dispatch / credit of refunds to the Bidders or unblocking of ASBA Account at the Bidders' sole risk and neither the BRLM nor the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any

liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IN ACCORDANCE WITH SEBI (ICDR) REGULATIONS, 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders / 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 / 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Escrow Collection Banks, Registrar, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole / First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Refunds, Dividends and other Distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupees drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see "Issue Procedure - Payment Instructions" on page 180.

Electronic Registration of Bids

The Syndicate Members and the SCSBs will register the Bids using the on-line facilities of the Stock Exchange.

The Syndicate Members and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate Members and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

The Stock Exchange will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchange. This information will be available with the BRLM on a regular basis.

Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange would be made available at the Bidding centres during the Bid/Issue Period.

At the time of registering each Bid other than ASBA Bids, the Syndicate Members shall enter the following details of the Bidders in the on-line system:

Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares Bid for
- Bid Amount
- Cheque Details
- Bid cum Application Form number
- DP ID and client identification number of the beneficiary account of the Bidder
- PAN

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s)
- Application Number
- PAN (of First Bidder, in case of more than one Bidder)
- Investor Category and Sub-Category

Retail	Non- Institutional	QIB
(No sub category)	Individual, corporate, Other	Mutual Funds, Financial Institutions Insurance companies, Foreign Institutional, Investors other than corporate and individual sub-accounts

- DP ID and client identification number
- Beneficiary account number of Equity Shares Bid for
- Quantity
- Bid Amount
- Bank account number
- Cheque amount and
- Cheque number

A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Syndicate Member or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ allotted either by the Syndicate or our Company.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In case of QIB Bidders, only the BRLM and their affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 196. The Syndicate Members may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

The permission given by the Stock Exchange to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and / or the BRLM are cleared or approved by the Stock Exchange, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management or any scheme or project of our Company, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.

Only Bids that are uploaded on the online IPO system of the Stock Exchange shall be considered for allocation / Allotment. Syndicate Members will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between BSE and the Syndicate Members or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make the cheque or demand draft with respect to his or her Bid and / or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement.

The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date.

The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the BRLM, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and / or on allocation / Allotment as per the following terms:
All the Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate Members. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

The payment instruments for payment into the Escrow Account should be drawn in favour of:
In case of Resident QIB Bidders: "[●]"
In case of Non-Resident QIB Bidders: "[●]"
In case of Resident Retail and Non-Institutional Bidders: "[●]"
In case of Non-Resident Retail and Non-Institutional Bidders: "[●]"

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupees drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with the banks authorized to deal in foreign exchange in India, along with the documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

In case of Bids by NRIs are applied on non-repatriation basis, the payments must be made through Indian Rupees Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with the documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non- Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with the documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders (other than the ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation / Allotment to such Bidders.

Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques / bank drafts drawn on the banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / stock invest / money orders / postal orders will not be accepted.

Other Instructions

Joint Bids in case of Individuals

Individuals may make bid in single or joint names (not more than three). In case of the joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN / GIR numbers are different, the same will be deleted from this master.

The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc.

Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print out of the addresses will be taken to check for the common names. The applications with same name and same address will be treated as multiple applications.

The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

Subsequent to the aforesaid procedures a print out of the multiple masters will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual 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. The applications made by the asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2. The Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the IT Act. In accordance with the SEBI (ICDR) Regulations, 2009, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Rejection of Bids

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, in case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject the Bids based on technical grounds. Consequently, refunds shall be made by RTGS / NEFT / NES / Direct Credit / cheque or pay order or demand draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:
Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in the Draft Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest / money order / postal order / cash;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs not intimated to the BRLM;
- Bids by persons in the United States excluding "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchange; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGE OR THE SYNDICATE / THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES. THE APPLICATION IS LIABLE TO BE REJECTED

Build Up of the Book and Revision of Bids

Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the Stock Exchange's mainframe on a regular basis. The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.

During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.

Revisions can be made in both the desired numbers of the 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. Incomplete or inaccurate Revision Forms will not be accepted by the Syndicate Members and the Designated Branches of the SCSBs.

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 Draft Red Herring Prospectus. In case of QIBs, the Syndicate Members shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.

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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate Members shall collect the payment in the form of cheque or demand draft, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate Members will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Members. 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.

Only Bids that are uploaded on the online IPO system of BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE and Syndicate Members, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with us. Our Company, in consultation with the BRLM shall finalize the "Issue Price", the number of Equity Shares to be allotted in each investor's category.

The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI ICDR Regulations, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

In case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion.

However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their bids. Further, at least 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.

Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Allocation to NRI's, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue / Allocation of Equity Shares to them.

QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.

In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements had appeared and our Company shall promptly inform the Stock Exchange about the same. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of the Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Our Company in consultation with the BRLM reserves the right to reject any Bid procured from QIB Bidders, by any or all of the Syndicate Members. Rejection of Bids by QIBs bidding in the QIB Portion, if any, will be made at the time of submission of the Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and ROC Filing

Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders. After signing the Underwriting Agreement, we will update and file the updated RHP with RoC, which then would be termed as 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, Underwriting arrangement and would be complete in all material respects. Our Company will file a copy of the Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act.

Filing of Red Herring Prospectus and Prospectus with ROC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, Andhra Pradesh situated at Hyderabad. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC, Andhra Pradesh situated at Hyderabad.

We will ensure that all the legal requirements applicable till the filing of the Prospectus with RoC are complied with.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the format prescribed in the SEBI (ICDR) Regulations, 2009 in an English national daily with wide circulation, one Hindi National newspaper with wide circulation, and a regional language newspaper with wide circulation at the place where the registered office of the Issuer is situated.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement at the time of / after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM, the Registrar to the Issue shall send to the Syndicate Members a list of their Bidders who have been allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allotment for the Retail and Non-Institutional Bidders. However, the investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all the investors in this Issue shall be done on the same date.

The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.

Designated Date and Allotment of Equity Shares

Our Company will ensure that (i) the Allotment of Equity Shares and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

BASIS OF ALLOTMENT

For Retail Individual Bidders

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail individual Bidders will be made at the Issue Price.

The Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [*] Equity Shares aggregating to Rs [*] Lacs at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.

If the aggregate demand in this category is greater than [*] Equity Shares aggregating to Rs [*] Lacs at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [*] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. Refer below for the method of proportionate basis of allotment.

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 allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [*] Equity Shares aggregating to Rs [*] Lacs at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [*] Equity Shares aggregating to Rs [*] Lacs at or above the Issue Price then the allotment shall be made on a proportionate basis up to a minimum of [*] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. Refer below for the method of proportionate basis of allotment.

For QIB Bidders

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIBs 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.

The allotment shall be undertaken in the following manner –

In the first instance, allocation to mutual funds for 5% of the QIB portion shall be determined as follows-
In the event that bids from mutual funds exceed 5% of the QIB portion, allotment to mutual funds shall be done on a proportionate basis for 5% of the QIB portion.

In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the Issue Price.

Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;

In the second instance, allotment to all QIBs shall be determined as follows –

In the event that there is over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.

Mutual Funds, who have received allotment 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.

Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allotment to QIB Bidders shall be up to 27,50,000 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

Issue Details

Sr. No	Particulars	Issue Details
1	Issue Size	200 Million Equity Shares
2	Allocation to QIB (50%)	100 Million Equity Shares
3	Anchor Investor Portion (If Any)	30 Million Equity Shares
4	Portion available to QIBs other than Anchor Investors [(2) - (3)]	70 Million Equity Shares
	Of Which: Allocation to MF (5%)	3.50 Million Equity Shares
	Balance for all QIBs including MFs	66.50 Million Equity Shares
5	No of QIB applicants	10
6	No of Shares applied for	500 Million Equity Shares

Sr. No	Type of QIB Bidders *	Issue Details
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

* A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

Details of Allotment to QIB Bidders / Applicants

Type of QIB bidders	Shares bid for	Allocation of 3.5 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 66.5 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)

A1	50	0	6.70	0
A2	20	0	2.68	0
A3	130	0	17.41	0
A4	50	0	6.70	0
A5	50	0	6.70	0
MF1	40	0.70	5.26	5.96
MF2	40	0.70	5.26	5.96
MF3	80	1.40	10.53	11.93
MF4	20	0.35	2.36	2.98
MF5	20	0.35	2.36	2.98
	500	**3.50**	**66.50**	**29.81**

Please Note:
The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in "Issue Structure" beginning on page no 176.

Out of 70 million Equity Shares allocated to QIBs, 3.5 million (i.e. 5%) will be allocated on proportionate basis among five mutual fund applicants who applied for 200 million Equity Shares in QIB category.

The balance 66.50 million Equity Shares (i.e. 70 – 3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who have applied for 500 million Equity Shares (including five MF applicants who applied for 200 million Equity Shares).

The figures in the fourth column entitled "Allocation of balance 66.50 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

For QIBs other than Mutual Funds (A1 to A5) = No. of Equity Shares bid for (i.e. in column II) X 66.50/496.50.
For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 66.50/496.50.

The numerator and denominator for arriving at allocation of 70 million Equity Shares to the 10 QIBs are reduced by 3.5 million Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue
In the event of the issue being over-subscribed, the Company shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below. Bidders will be categorized according to the number of Equity Shares applied for.

The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

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 category multiplied by the inverse of the oversubscription ratio.

If the proportionate allotment to a Bidder is a number that is more than [] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

In all Bids where the proportionate allotment is less than [] Equity Shares per Bidder, the allotment shall be made as follows:

Each successful Bidder shall be allotted a minimum of [] Equity Shares; and The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

If the Equity Shares allotted on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. Tripartite agreement between the NSDL, our Company and the Registrar dated 02^{nd} December 2008.
2. Tripartite agreement between the CDSL, our Company and the Registrar dated 30^{th} October 2007

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following 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 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 the Revision Form. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or the 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.

Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.

The trading of Equity Shares of the Company would only be in dematerialized form for all the investors in the demat segment of the Stock Exchange.

Investors are advised to instruct their DP to accept the Equity Shares that may be allotted to them, pursuant to the Issue.

Communications

All future communication in connection with the Bids to be made for 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 Syndicate Member where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Pre-Issue and Post Issue Related Problems

We have appointed Mr. Naresh Kumar Miryala as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Naresh Kumar Miryala
Taksheel Solutions Limited
Lanco Hills Technology Park Private Limited (SEZ)
Survey No.201, Manikonda Village,
Rajendra Nagar Mandal,
Hyderabad - 500 089, Andhra Pradesh.
Tel: +91-40-40272479.
Fax: +91-40-40215916.
Website: www.taksheel.com
Email: ipo@taksheel.com

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: makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Payment of Refund

Bidders other than the ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition (—MICR) code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue and the BRLM shall be liable to compensate such Bidders for any losses caused to them due to any such delay or liable to pay any interest for such delay.

Mode of making refunds to Bidders other than ASBA Bidders
The payment of refunds, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

NECS: Payment of refunds would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility has been made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

Direct Credit: Applicants having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

RTGS: Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form.

In the event the same is not provided, refund shall be made through NECS and charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

NEFT: Payment of refund shall be undertaken through NEFT wherever the applicant's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence, use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence, use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders
In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 10 working days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 12 working days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 working days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within 12 working days of Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, our Company further undertakes that:

Allotment of Equity Shares shall be made only in dematerialized form within 12 (twelve) working days of the Bid/Issue Closing Date;

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidders' Bank Account shall be made within 12 working days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond 12 working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within 12 working days as mentioned above.

Letters of Allotment or Refund Orders or Instructions to SCSBs

Our Company shall give credit to the beneficiary account with Depository Participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 working days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 working days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid/Issue Closing Date.

Procedure and Time Schedule for Transfer of Equity Shares

The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [□]. Following the expiration of the Bidding Period, our Company, in consultation with the

BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchange, the Equity Shares will be listed and trading will commence.

Interest in case of delay in Dispatch of Allotment Letters / Refund Orders / instruction to the SCSBs by the Registrar to the Issue Our Company agrees that (i) Allotment of Equity Shares and (ii) credit to the successful Bidders' depository accounts will be completed within 12 working days of the Bid/Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if in the case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 working days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centre's will be payable by the Bidders.

Undertaking by the Company

Our Company undertake as follows:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date;
3. That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading "Mode of Making Refunds" in the section "Issue Procedure" on page no 180 of this DRHP shall be made available to the Registrar to the Issue by our Company;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of the closure of Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
5. That the certificate of securities / refund orders to the Eligible NRIs or FIIs shall be dispatched within specified time;
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount (ASBA) applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
7. That no further Issue of Equity Shares shall be made until the Equity Shares issued through this DRHP are listed or until the Bid monies are refunded on account of non-listing, under subscription etc;
8. At any given time there shall be only one denomination for the shares of our Company;
9. Our Company shall comply with such disclosures and accounting norms as specified by SEBI from time to time.

Utilization of Issue Proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited / 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 utilized out of Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations and the FDI Policy issued by the Department of Industrial Policy & Promotion, Government of India (Circular 1 of 2010, with effect from April 1, 2010). Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. FEMA regulates the precise manner in which such investment may be made. Unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

Subscription by Foreign Investors (NRI/FIs)

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.
The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION - XI
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The Authorised capital of our Company is Rs, 25,00,00,000 divided into 25,000,000 Equity Shares of Rs.10 each.

Title of the Article	Article Number	Contents
SHARE CAPITAL	**4 (a)**	The Authorized Share Capital of the Company shall be as stated in Clause V of the Memorandum of Association.
	4(b)	The Company shall have power to divide the shares of Capital (original, increased, reduced or converted) into several classes and to attach thereto respectively such qualified or special rights, privileges or conditions in such manner provided by the regulations of the Company as originally framed or as altered from time to time by special resolution. The Company shall be entitled to issue special instruments including warrants/ options and to attach thereto such qualified or special rights, privileges or conditions in such manner provided by the regulations or as altered from time to time by special resolution.
	5	Subject to the provisions of Section 80 of the Companies Act, the Company shall have power to issue Preference Shares carrying a right to redemption out of profits or out of the proceeds of a issue of shares made for the purposes of such redemption or liable to be so redeemed at the option of the Company.
SHARES	**6**	Except as provided in Section 77 of the Act, no part of the funds of the Company shall be employed in the purchase of the Company's own shares. Provided that an option or right to call of shares shall not be given to any person(s) except with the sanction of the Company in General Meeting.
	7	Subject to the provisions of these articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Board thinks fit but subject always to articles thereof.
	8	With the approval of the members of this Company in General Meeting and the complying with the provisions of Section 77A and other applicable provisions of the Act, it shall be lawful for the Board of Directors to purchase its own securities.
	9	Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any claim or claims or right to or interest in such share on the part of any other persons whether or not it shall have express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered in the Register of Members or of Debenture holders.
	10	Share Certificates shall be issued in marketable lots provided however, that no share certificate(s) shall be issued in respect of the shares held in Depository, Sub-division/ consolidation into marketable lots shall be done free of charge. The shares in the capital shall be numbered progressively according to their denominations provided however, that the provisions relating to

		progressive numbering shall not apply to the shares of the company which are in dematerialized form.
	11	The Company shall cause to be kept a Register and Index of Members/ Debenture holders in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any state or Country outside India a branch Register of Members resident in that state or country. The company shall keep a book to be called "Register of Transfers" and therein shall be fairly and distinctively entered particulars of every transfer or transmission of any share held in material form.
	12	The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and / or to issue its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.
	13	In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in and electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
Further issue of shares:	**14(A)**	1. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un issued capital or out of the increased share capital then. a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as the circumstances admit, to the capital paid up on those shares at the date. b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from date of the offer within which the offer, if not accepted, will be deemed to have been declined. c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Director may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. d) After expiry of the time specified in the aforesaid notice or on

		receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they think most beneficial to the Company. 2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof in any manner whatsoever. a) If a special resolution to that effect is passed by the company in General Meeting. Or b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting of vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. 3. Nothing in Sub-clause (c) of (1) hereof shall be deemed: a) To extend the time within which the offer should be accepted; or b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. 4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company. (i) To convert such debentures or loans into shares in the Company; Or (ii) To subscribe for shares in the company (whether such option is Conferred in these Articles or otherwise). PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: a) Either has been approved by the Central Government before

		the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and b) In the case of debentures or loans or other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.
Shares at the disposal of the directors:	**14(B)**	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General meeting.
Employee Stock Option Scheme:	**14(C)**	The Directors are hereby authorized to issue Equity shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the offers, employees and workers of the Company as the Directors may select or the trustees of such trust as may be set up for the benefit of the officers, Employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the Stock Exchanges and of the Securities and Exchange Board of India, the Directors may impose the condition that the shares in or debentures of the Company so allotted shall not be transferable for a specified period.
Limitation of time for issue of certificates:	**14(D)**	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 whiting 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.
Issue of new Certificate in place of one defaced, lost or destroyed:	**14(E)**	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fee (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 Regulation or requirements of any stock Exchange or the Rules made under the Act or the rules made under securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provisions of this Article shall mutatis mutandis apply to debentures of the Company.
ALTERATION OF CAPITAL	**15.**	**i.** Subject to the provisions of the Companies Act, 1956 the Company shall have power to alter the condition of its Memorandum as follows, that is to say, it may: a. Increase its share capital by such amounts as it thinks expedient by the creation of new shares. b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. c. Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations. d. Sub-divide its shares or any of them, into shares or smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. e. Cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share

		capital by the amount of the shares so cancelled provided however the cancellation of shares in pursuance of this power shall not be deemed to be a reduction of share capital within the meaning of the Companies Act, 1956. **ii**. The power conferred by this regulation shall be exercised by the Company in general meeting **iii.** a) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit, provided that the board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose. b) The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. c) Such of the regulations of the company (other than those relating to Share Warrants) as are applicable to paid-up shares shall apply to stock and the word 'shares' and 'share holders' in those regulation shall include 'stock' and 'stock holder' respectively.
REDUCTION OF CAPITAL	**16**	Subject to the confirmation of court, the Company may from time to time by special resolution and in manner authorized by law, reduce its share capital in any way and in particular without prejudice may; A. Extinguish or reduce the liability of any of its shares in respect of share capital not paid up. B. Either with or without extinguishing or reducing liability on, any of its shares, cancel any paid up share capital which is lost, or is unrepresented by available assets; or C. Either with or without extinguishing or reducing liability on any of its shares, cancel the paid up Capital which is in excess of the wants of the Company, and may, in so far as in necessity, alter its memorandum by reducing the amount of its share capital and its shares accordingly. This article is not to derogate any power the Company would have if it were omitted.
TRANSFER AND TRANSMISSION OF SHARES	**17**	Directors may refuse to register transfer: Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board 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 or any account whatsoever except when the Company has a lien on the shares. Transfer of shares/ debentures in whatever lot shall not be refused.
Instrument of Transfer	**18(A)**	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.
No fee on Transfer or Transmission	**18(B)**	No fee shall be charged for registration of transfer, transmission, probate, succession Certificate and Letters and administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
Payment in anticipation of call may carry interest	**18(C)**	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 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.
Company's lien on shares/ debentures	**19**	The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/ debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures and no equitable interest in any shares shall be created except upon the footing and conditions 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.

The Board of Directors may also decline to recognize any instrument of transfer unless:	**20**	a. The instrument of transfer is accompanied by the certificate of shares to which it is related and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfers; and b. The instrument of transfer is common in respect of any given class of shares.
	21(1)	Every endorsement upon the certificate of any share in favour of any transfer shall be signed by the Managing Director or by some other person for the time being duly authorized by the Board of Directors in this behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for an upon his delivering up be cancelled every old or existing certificate which is to be replaced by a new one.
	21(2)	Notwithstanding any other provisions to the contrary on these presents no fee shall be charged for any of the following viz., a. for registration of transfers and debentures: or for transmission of shares and debentures; b. for sub division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading; c. for Sub-division of renounceable Letters of Right; d. for issue of certificates in replacement of those which are old decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilized; e. for registration of any power of attorney probate letters of administration of similar other documents.
	22	The Company shall keep a book to be called the “Register of Members” and there in shall be entered the particulars of every transfer or transmission of any shares and all other particulars to shares required by the Act to be entered in such Register
	23	The instrument of Transfer shall after registration remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of 6 (six) years or more.
	24	The Board of Directors after giving not less than 7 days prior notice by advertisement in some newspapers circulating in the district in which the Registered office of the Company is situated, close the Register of Members or the Register of Debenture holders for any period or period not exceeding in the aggregate 45 days in each year but not exceeding 30 days at any one time.

	25(1)	The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and in the case of death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares. Provided that if the member has been a member of a Joint Hindu family the Board being satisfied to that effect and on being satisfied that the shares standing in his name in fact belong to the joint family may recognize the survivors or the Karta thereof as having title to the shares registered in the name of such member. Provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may deem just.
	25(2)	Nothing in clause (1) shall release the estate of a decreased Joint holder from any liability in respect of any shares, which were jointly held by him with other persons.
	26(1)	Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time be required by Board and subject as hereinafter provided, elect either; a. to be registered himself as holder of the shares; or b. to make such transfer of the shares as the deceased or insolvent member could have made.
	26(2)	The Board shall be either case has the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.
SHARE WARRANTS	**27**	The Company may issue warrants to its members or any category of members or non-members with absolute and irrevocable right to exercise the option to subscribe and acquire and be allotted equity share with in a predetermined time period from the date of allotment of such warrants (in full or part or otherwise) at a predetermined price or predetermined pricing formula as recommended by the board and approved by the members of the Company.
	28	a) The bearer of share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clean days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant. b) Not more than one person shall be recognized as depositor of the share warrant.

		c) The Company shall, on two days written notice return the deposited share warrants to the depositor.
	29	a) Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of members at a meeting of the company, or be entitled to receive any notice from the company. b) Not more than one person shall be recognized as depositor of the share warrant. c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
	30	The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.
NOMINATION FACILITY TO THE SHAREHOLDERS/ DEBENTURES HOLDERS	**31.I.**	a) Every Shareholder or Debenture holder of the company may at any time nominate a person, to whom his shares or debentures shall vest, in the event of his death in such manner as may be prescribed under the Act. b) Where the shares and debentures of the Company are held by more than one person jointly, all the joint holders may collectively nominate a person to whom all the rights in the shares or debentures as the case may be, shall vest with such nominated person, in the event of death of all the joint holders in such manner as may be prescribed under the Act. c) Unless a nomination previously made is cancelled, notwithstanding anything contained in any law for the time being in force or in any disposition whether testamentary or otherwise, any other person becomes entitled to the rights and other privileges conferring on any share or debenture on the death of holder of such share or debenture as the case may be, only the nominee registered with the company shall to the exclusion of all others be entitled to all the rights and privileges attached to such share or debenture. d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to the nomination to appoint any person to act on behalf of the minor in the manner prescribed under the Act, in the event of his death, during the minority.
	31.II.	A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either. a) To register himself as holder of the share or debenture, as the case may be; or b) To transfer the shares and / or debentures, as the deceased shareholder or debenture holders as the case may be, could have made.

	31.III.	a) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elected any such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be. b) A nominee shall be entitled to the share dividend/ interest and other advantage to which he would be entitled if he were registered holder of the shares or debentures. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting or the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures and if the notice is not complied with in ninety days, the board may thereafter withhold payment of all dividends, bonuses or others in respect of the shares or debentures, until the requirements of the notice have been complied with.
POSTAL BALLOT	**32**	Subject to the provisions of Section 192 A of the Act and these Articles, the Company may, and in the case of resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal Ballot, shall, get any resolution passed by means of Postal Ballot, instead of transacting the business in General Meeting of the Company.
DEVOLUTION OF RIGHTS	**33**	(1) If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects. (2) If the person aforesaid shall elect to transfer the share he shall testify his election by executing a transfer deed for transfer of the share. (3) All the limitations, restrictions and provisions of these regulations to the right to transfer and the registration of transfer of share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member. (4) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company. Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all

		dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.
	34	The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the company may have had notice of such equitable rights or referred thereto in any books of the company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever of refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company, but the Company, shall never the less be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit.
CALLS ON SHARE AND FORFEITURE	**35**	The Board:- a. may, if it thinks fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and b. upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, six percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
	36	If a member fails to pay any call or instalment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part of such a call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as unpaid, together with any interest as may be decided by the Board but not exceeding eighteen percent per annum which may have accrued.
	37	The notice shall name a further day (the length of each call shall be for a minimum period of thirty days), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day named, the shares in respect of which the call was made will be liable to be forfeited.
	38	If the requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made, be forfeited by a Resolution of the Board of Directors to that effect, such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.
	39	A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board of Directors may think fit, and at any time before sale or disposition, the forfeiture may be cancelled on such terms as the Board of Directors may think fit,

	40	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding remain liable to pay, and shall forthwith pay the Company all money s which at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the company received payment in full of the nominal amount of shares whether legal proceeding for the recovery of the same had been barred by limitation or not.
	41	A duly verified declaration in writing that the declaring is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and that declaration and receipt of the Company for the consideration if any given for the shares on the sale or disposition thereof shall constitute a good title to the share, and the person to whom the share is sold or disposed off shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by way of irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
BORROWING POWERS	**42**	a. The Company shall have power to borrow from any persons and secure the payment of any sum or sums of money for the purpose of the company and the Directors may from time to time at their discretion exercise this power and may themselves lend to the company on security or otherwise provided that the Directors shall not contravene the provisions of section 292 of the Companies Act, 1956, or any statutory modification thereof. b. The Directors may raise, borrow, with or without security, such sum or sums of money in such manner and upon such terms and conditions as it may think fit, and may secure the repayment of such sum or sums of money as it may think fit, by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or uncalled capital of the company whether by way of issue of bonds, debentures, debenture stock, perpetual or redeemable debentures, special instruments, or in any other manner as it may think fit. c. Term of issue of debenture: 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.

GENERAL MEETINGS	**43**	The Company shall in addition to other meetings hold a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions specified below: a. the Annual General Meeting of the Company shall be held once in every calendar year within 6 (six) months after the expiry of each financial year subject however to the power of the Registrar of Companies to extend the time within which such a meeting can be held for a period not exceeding 3 (three) months and subject thereto not more that fifteen months shall elapse from the date of one annual general meeting and that of the next. b. Every Annual General Meeting shall be called for at a time during the business hours of a day that is not a public holiday and shall be held either at the registered office of the Company or some other place within the city, town or village in which the registered office of the Company is situated. c. Notice calling such meetings shall specify them as the Annual General meetings. d. All other meetings shall be referred to as Extra-Ordinary General Meetings.
	44	The Board of Directors may whenever they think fit, convene an Extra Ordinary General Meeting at such time and at such places as they deem fit. Subject to such directions, if any given by the Board, the Managing Director or the secretary may convene an Extra-Ordinary General meeting.
	44	The Board of Directors may whenever they think fit, convene an Extra Ordinary General Meeting at such time and at such places as they deem fit. Subject to such directions, if any given by the Board, the Managing Director or the secretary may convene an Extra-Ordinary General meeting.
	45	Five members personally present shall be the quorum for a General Meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act and no business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the meeting.
	46	The Chairman of the Board of Directors shall be entitled to take the time appointed for holding such meeting or is unwilling to act, the members present shall choose another director as chairman and if no director be present or if all the directors present decline to take the chair, then the members present shall choose one of their member entitled to vote to be the Chairman.
	47	Except where otherwise provided by the Companies Act, 1956 or by these presents every question to be decided by any Meeting shall, in the first instance, be decided by a show of hands. In case of an equality of votes, the chairman shall both on a shows of hands and at a poll have a casting vote, in addition to vote or votes to which he may be entitled as a member.

	48	At least twenty one days notice shall be given for every General Meeting, Annual or Extraordinary and by whomsoever called specifying the day, place and hour of meeting and general nature of the business to be transacted. There at, in the manner hereinafter provided to such persons.
	49	The minutes of the meetings may be maintained in the books in the form of a binder containing loose leaves in the manner prescribed by the Central Government.
VOTING	**50**	(1) Every member holding any equity shares shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands every such member present in person shall have to vote. On a poll, his voting right in respect of his equity shares shall be in proportion to his share of the paid-up capital in respect of the equity shares. (2) In the event of the Company issuing any preference shares the holders of such Preference shares shall have right to vote in accordance with the provisions of Section 87 of the Act.
	51	A demand for a poll shall not prevent the continuance of a meeting for transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand.
	52	In the case of joint holders the vote of the first named of such joint holders who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
	53	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
	54	No member shall be entitled to vote in any general meeting unless all calls or other sums presently payable by him in respect of his shares in the company have been paid.
	55	On a poll, votes may be given either personally or by proxy.
	56	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint any person whether a member or not as his proxy to attend and vote instead of himself, but the proxy so appointed shall not unless he be a member, have any right to speak at the meeting and shall not be entitled to vote except on a poll.
	57	The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a

		poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
	58	(1) A corporate body (whether a company within the meaning of the Act or not) may, if it is a member or a creditor or debenture holder of the company, by the resolution of its Board of Directors or other governing body authorize such persons as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any creditors of the company held in pursuance of the provisions contained in or authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the company. (2) So long as an authorization under clause above is in force, the power to appoint proxy shall be exercised only by the person so appointed as representative
	59	A vote given in accordance with the terms of an instrument of proxy shall be valid, not withstanding the previous death of the principal or the revocation of the proxy, or the transfer of the share in respect of which the proxy is given. Provided that no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.
	60	Every instrument appointing a proxy shall be retained by the Company and shall be in either of the forms specified in Schedule IX of the Act or a form as near thereto as circumstances will permit.
	61	Subject to the provision of the Companies Act, 1956, the Chairman of a General Meeting shall be the sole and absolute judge of the validity of every vote tendered at such meting, or a poll demanded at such meeting and may allow or disallow any vote tendered, according as he shall be of opinion that the same is or is not valid.
	62	Unless otherwise determined by the Company in General Meeting, the number of Directors shall not be less than 3 (Three) and shall not be more than 12 (Twelve).
	63	(a) The following persons shall be the first Directors of the Company. 1. Kuchana Ramaswamy 2. Kuchana Bhagyalaxmi
	64	Any person whether a member of the Company or not, can be appointed as a Director of the Company and no qualifications by way of shareholding shall be required from any Director.
	65	Notwithstanding anything to the contrary contained in these Articles, any Financing company or Body Corporate or Bank of Insurance Corporation, Andhra Pradesh State Finance Corporation (APSFC), Andhra Pradesh State Industrial Development Corporation (APIDC), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India (ICICI) or any other finance corporation or credit corporation or any other finance company or body of venture

		capital funds in Private and / or public sector, sponsors and / or dealers of OTCEI (hereinafter referred to as "the Financial Institution') shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as "the Nominee Director") on the Board of the Company, so long as any moneys remain owing to them or any of them by the Company, out of any Financial Assistance granted by them or any of them to the Company by way of loan and/ or by holding debentures and/ or shares in the company and/ or as a result of underwriting or director subscription and/ or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.
	66	(a). The Nominee Director so appointed shall not be required to hold any qualification shares in the Company not shall he/ they be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid, the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc., as any other Director of the Company entitled. (b). The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/ them to the Financial Institution appointing him/ them as such Director/s.
	67	Special Director: a) In connection with any collaboration agreement with any company or corporation or firm or person for supply of technical know how and/ or machinery or technical advice, the Directors may authorize such company, corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter. b) The Collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office. c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person

		or persons as a Director(s) and so that if more than one collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.
	68	The Board shall have power to co-opt one or more persons to be Directors, but so that the total number shall not exceed twelve. In the place of a Director who is about to leave or is absent from the state in which the meetings of Directors are generally held, the Board may appoint any person to be an alternate Director, provided such absence shall not be for lesser period than three months and such appointee while he holds office as an alternate Director shall be entitled to receive notice of all meetings of the Directors and to attend and vote there at and on all resolutions proposed in circulation, but he shall IPSO FACTO vacate office as Director if and when the original Director return to the State in which the meetings are generally held.
	69	One third of the Directors shall retire at every Annual General Meeting by rotation. If this number is not three or a multiple of three then a number of Directors nearest thereto shall retire. A retiring Director shall be eligible to seek re-election. Subject to the provisions of Section 255, Mr. Pavan Kumar Kuchana shall be permanent Director and such permanent Director and any Nominee Director appointed under the Articles shall not be liable to retire by rotation.
	70	Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.
	71	The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.
	72	Subject to the provisions of Section 256 of the Act if at any Meeting at which an election of Directors ought to take place, the place of the vacating Directors is not filled up and the Meeting has not expressly resolved not to fill up the vacancy, the Meeting shall stand adjourned till the same day in next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned Meeting the place of retiring Directors is not filled up and the meeting has also not expressly resolved not fill up the vacancy then the retiring Directors or such of them as have not had their places filled up shall be deemed to have been re-appointed at the adjourned Meeting.
	73	No Director shall be disqualified by his office from contracting with the Company nor shall any such contract entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding such office or of the fiduciary relations thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract is determined or of his interest

		then existing or in any other case at the first meeting of the Directors after the acquisition of the interest.
	74	If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office expires in the normal course, the resulting causal vacancy may be filled up by the Board at a Meeting of the Board of Directors, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred, provided that the Board of Directors may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Companies Act, 1956.
	75	The business of the company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the company and other preliminary expenses and may exercise all such powers of the Company as are not, by the Companies Act, 1956, or any statutory modifications thereof for the time being in force, of by these articles, required to be exercised by the Company in General Meeting subject nevertheless to any regulation of these articles and to the provisions of the said act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General meeting but no regulation made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
	76	The Directors shall be paid sitting fees as may be determined from time to time by the Board for every meeting or any committee of the Board attended by them. In addition to the remuneration payable to them, the Directors including the Managing Director may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company or in connection with the business of the Company.
	77	Subject to the provisions of Section 314 of the Act, if any Director shall be appointed to advice the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of Company, the Board of Directors may pay to such Director such special remuneration as commission or a lump sum and may either be in addition to or in substitution of the remuneration specified in the last preceding article.
	78	Subject to the provisions of the Companies Act, 1956 the Board of Directors may employ from time to time any Director to perform and work or supply goods required by the Company, or to serve the Company in any professional capacity, or in any other capacity or character, and may remunerate him for such work or supply of goods or services as they may think proper and may enter into contracts with him for the purposes aforesaid but not Director shall vote at any Directors meeting upon any question affecting his or her own employment as aforesaid or any contract relating hereto.
	79	(a) Subject to provision of Section 198,309 & 310 of the Act and subject to such approval as may be necessary, the Board may from time to time appoint one or more of their body to the office of Managing Director and or Manager or whole-time Director(s) for such term, and on such remuneration (whether by way of salary and/ or commission of partly in one and partly in another)

		with or without bonus and any other and or all allowances as they may think fit and a Director so appointed shall not, while holding that office, be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors but his or her appointment shall be subject to determination IPSO FACTO if he or she ceases from any cause be Director, or it the Company in general Meeting resolved that his or her term of the office of Managing Director or Manager or whole time Director be determined. (b) The Board of Directors may appoint or re-appoint one or more of their body, not exceeding two, to be the Managing Director or Managing Directors of the Company for such period not exceeding 5 (five) years as they may deem fit, subject to such approval of the Central Government as may be necessary in that behalf. (c) If at any time there are more than one Managing Director each of the said Managing Director may exercise individually all the powers and perform all the duties that a single Managing Director may be empowered to exercise or required to perform under the Companies Act or by these presents or by any Resolution of the Board and they shall exercise, all those powers and perform their duties subject to the Directors, supervision and control of the Board of Directors and subject also to such restrictions or conditions as the Board may from time to time impose. (d) The Board of Directors may at any time and from time to time designate any Managing Director as Deputy Managing Director or Joint Managing Director or by such other designations as they deem fit. (e) Subject to the supervision, control and directors of the Board of Directors, the Managing Director/ Managing Directors shall have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs, except such powers, and such duties as are required by law or by these presents to the exercised or done by the Company in General meeting or by the Board and also subject to such conditions and restrictions imposed by the Act or by these presents or by the Board of Directors. Without prejudice to the generality of the foregoing, the Managing Director/ Managing Directors shall exercise all the powers set out in Article 82 except those which are by law or by these presents or by any Resolution of the Board required to be exercised by the Board or by the company in General Meeting.

	80	A Director may from time to time, and a Managing Director or Commercial Director or Technical Director as the Case may be upon the request of any Director, shall convene the meeting of the Board. All meetings of the Board of the Company shall, unless otherwise determined by the Board, be held at the Registered Office of the Company. The quorum for a meting shall be two directors or one third of the total strength (any fraction contained in one third being round off as one) whichever is higher. The Board shall meeting at least once in every three months and at least four meetings shall be held in every calendar year.
	81	Save as otherwise expressly provided in the Act, a resolution in writing signed by all or a majority of the members of the Board or of a Committee thereof for the time being entitled to receive notice of a Meeting of the Board or committee shall be as valid and effectual as if it had been passed at Meeting of the Board or committee, duly convened and held. In the event of the signature of anyone or more of the Directors to any such resolution being affixed on different dates the said resolution shall be deemed to be passed on the date of signature of the Director signing last.
Loans to Directors	**82**	The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.
The office of a Director shall be vacated, if	**83**	a. he is found to be of unsound mind by a court of competent jurisdiction; or b. he applies to be adjudicated or is adjudged an insolvent; or c. he fails to pay dues made on him in respect of shares held by him within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the official gazette removed the disqualification incurred by such failure; or d. he is convicting by a Court of any offense involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or e. he absents himself from three consecutive meetings of the Board of from all meetings of the board for a continuous period of three months, whichever is longer without obtaining leave of absence from the Board ; or f. he (whether by himself or by any person for his benefit or on his account, or any firm in which he is partner or any private company of which he is a Director) accepts a loan, or any guarantee or security for a loan from the Company in contravention of Section 295; or g. he acts in contravention of section 299; or h. he becomes disqualified by an order of court under

		section 203; or i. he is removed in pursuance of Section 284; or j. having been appointed as Director by virtue of his holding any office of other employment in the Company, he ceases to hold such office of other employment in the company. Provided that notwithstanding any thing in sub-clause (b), (d)and (h) above the disqualification referred to in those clauses shall not take effect: a. for thirty days from the date of the adjudication, sentence or order; b. where any appeal or petition is referred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentences or order until the expiry of seven days from the date on which such appeal or petition is disposed off or; c. where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction, or order and the appeal or petition if allowed would result in the removal of the disqualification until such further appeal or petition is disposed off.
POWERS OF THE BOARD	**84**	The business of the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the company and may exercise all such powers of the company as are not by the companies act, 1956 of any statutory modification thereof for the time being in force or by these Article, required to be exercised by the Company in general meeting subject nevertheless to any regulation of these Articles or the provisions of the said Act, and to such regulations not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting, but no regulations made by the Company in General Meetings shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
	85	Without prejudice to the General powers conferred by the preceding Articles and the other powers conferred by these Articles and subject to the provisions of the Act, the Board of Directors shall have the following powers, that is to say: a. To pay the costs, charges, expenses preliminary and incidental to the promotion, establishment and registration of the Company. b. At their discretion to pay for any property, rights privileges acquired by, or services, rendered to, the Company either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued either fully paid up or with such amount credited as paid up thereon as may be agreed upon subject always to the liability of all share holders in regard to the departments of the company

		whether such bonds, debentures or other securities are either specifically charges upon all or any part of the company and its uncalled capital not so charges. c. To take on lease, purchase or otherwise acquire for the company any property, rights or privilege, which the company is authorized to acquire, at such price and generally on such terms and conditions as they think fit. d. To appoint any person or persons to hold in trust for the company properly belonging to the Company or in which it is interested or for any other purpose and to execute all such instruments and to do all such things as may be necessary or requisite in relation to any such trust. e. To sell, let, exchange or otherwise dispose of absolutely or conditionally all or any part of the property, privileges and undertakings of the company upon such terms and conditions and for such consideration as they think fit. f. To appoint and at their discretion remove or suspend such agents, managers, secretaries, clerks and servants for permanent, temporary or special services, as they may from time to time think fit and to determine their powers duties and fix their salaries or emoluments and to require security in such instance and to such amounts as they think fit and generally to provide for the management of the company in different part of India or outside in any countries and to establish and maintain branch offices anywhere. g. To buy or procure the supply or all articles, goods, merchandises and other movable property required for the purpose of the Company and to sell them. h. To appoint any person or persons to be attorneys of the Company for such purposes and with powers, authorities and secretions not exceeding those vested in or exercisable as the Board and for such period and subject to such conditions as the Board may from time to time think fit. i. To enter into, carryout rescind or vary, financial arrangements with any banks persons or corporations for or in connection with the company's business or affairs and, pursuant to or in connection with such arrangements, to deposit, pledge or hypothecate any property of the company, to execute and register any documents relating to the same. j. To make and give receipts, release and other discharges for money payable to the company for the claims and demands for the Company. k. To compound and allow time for the payment or satisfaction or any debts due to or by the Company and any claims and demands by or against the Company and to refer matters to

		arbitration and observe and perform the awards. l. To sign, draw, accept, endorse and negotiate and discount, for and on behalf of the company all such cheques, bills of exchange, promissory notes, hundies, drafts, Government and other securities and all other documents, whether negotiable or otherwise, as shall be normal in or for carrying on the affairs of the Company. m. To institute, prosecute, compromise, withdraw or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company. n. To invest and deal with any of the moneys of the company not immediately required for the purpose thereof upon; such securities or investments and in such manner as they may think fit and from time to time vary or realize such securities and investment. o. To enter into negotiations and contracts and to rescind or vary all such contracts and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the company. p. To make, vary and repeal, from time to time bye-laws for the regulation of the business of the Company, its officers and servants. q. To deposit money on security or otherwise with other persons or companies whether Banking Company or not and to invest any funds of the Company not required for the time being for the general purpose of the company in such investments (other thank the shares of the company) as may be thought proper, and to hold exchange, sell, vary and dispose of or deal with any of the investments of the Company, as may be deemed expedient. r. To give credit or deal upon credit, with or without security with any persons including members of the company or such amount upon such terms and conditions as they shall think fit. s. To call any General Meeting of the Company to transact such business as is mentioned in the notice convening the meeting and t. To exercise and to carry into effect any or all of the objects and powers mentioned or referred to in the Memorandum of Association. u. To list the Equity shares, Debentures, ADRs, GDRs and any other instruments, of the company, for the purpose of raising funds from the Public, Financial Institutions, Foreign Institutional Investors, Non-Resident Indians, Overseas Corporate Bodes, and any other person(s), on such stock exchanges including OTC Exchange of India, In India, and

		outside India subject to obtaining permission/ sanction(s) from such authorities and execute all such agreements, instruments and any other writings, on such terms and conditions as the Board may from time to time think fit. v. To allow Registration, custodians or any other person acting and doing the acts generally associated with Registrars, custodians, etc., specially appointed by the Company, for this purpose transfer upto 0.5% of the total paid-up share capital from time to time, as per the existing listing guidelines.
	86	The Board may from time to time at their discretion raise or borrow or secure the payments or any sum of money for the purpose of Company's business, and may secure the payment of such money by mortgage or charge upon the whole or any part of the assets and property of the company (present and future) including its uncalled and unpaid capital not so charged)
	87	Subject to as aforesaid, any bonds, debenture stock or other securities issued by the company shall be under the control of Directors who may issue them upon such terms and conditions and such manner and for consideration as they shall consider to be for the benefit of the company.
	88	The Board may at any time pay to any person commission which may represent a share in the profits of the Company or in any other manner either in a lump sum or in yearly, half-yearly, quarterly installments, in consideration of his guaranteeing to debenture holders or other creditors on behalf of the company the payment of the face value of the debenture or other liabilities. Such commission will be payable only out of the profits of the Company.
	89	The Board may receive deposits for the purpose of financing the business of the Company, bearing interest at such rates as the Directors may fix which may be made payable monthly, quarterly, half-yearly or at the beginning or end of the term for which such sums are borrowed.
	90	If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the Directors may execute or cause or cause to be executed any mortgage, charge or security over the whole or any part of the assets of the Company by way of Indemnity to secure the Directors or persons becoming liable as aforesaid for any loss in respect of such liability.
	91	Subject to the provisions of the Act, the Board may from time to time entrust to and confer upon the Managing Director for the time being or committee consisting of such persons as it thinks fit, such of the powers exercisable under these presents by the Board as they may think fit, and may confer such these presents by the Board as they may think fit, and may confer such powers for such time and to exercise for such objects and purposes, upon such terms and conditions with such restrictions as they think expedient and they may confer such powers either collaterally with to the exclusion of ;and in substitution for all or any of the powers of the Board in that behalf and may from time to time withdraw, revote, alter or vary all of any of such powers.

ACCOUNTS	**92**	Books of accounts shall be kept at the Registered Office of the Company or at such other place in India s the Directors may think fit.
	93	The Directors shall from time to time determine whether and to what extend and at what time and places and under what conditions or regulation the accounts and books of the Company or any of them shall be open inspection of member not being Directors. No members (not being a Director) shall have any right to inspect the same except at conferred by the Companies Act, or authorized by the Board or Directors or by any resolution of the Company in General Meeting.
	94	Every Account of the Company when audited and approved by a General Meeting shall be conclusive except so far as regards any error discovered therein before or at the audit of the then next account and whenever such error is discovered within that period the account shall be forthwith corrected and henceforth shall be conclusive.
THE SEAL	**95**	a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power time to time to destroy the same and substitute a new seal in lieu thereof. The Directors shall provide for the safe custody of the Seal for the time being be used, except by the authority of the Board. b) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least one Director or Managing Director or Commercial Director or Technical Director or Company Secretary if any, and that Director or Managing Director or Commercial Director or Company Secretary as the case may be shall sign every instrument to which the Seal of the Company is so affixed in his presence. c) The Board shall also be at liberty to have an official seal in accordance with section 50 of the Act for use, in any territory or place outside India.
INTEREST OUT OF CAPITAL	**96**	Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, of the provisions of plant.
SECRECY	**97**	No member shall be entitled to inspect the Company's Books without the permission of the Director or to require discovery of any information requiring any detail of the company's trading or any matter which is or may be in the nature of trade secret process or trade mystery which may relate to the conduct of the business of the company and which, in the opinion of the Directors, it will not be expedient in the interest of the members of the company to communicate to the public.

	98	The Officers and authorized nominees of any financial institution giving loan or any other form of the financial assistance shall have a right to inspect the Records, Documents, Registers, books of accounts and other relevant statutory books, and obtain copies and extracts from them during the normal working hours of the Company.
DIVIDENDS	**99**	a) The Company shall declare and pay dividends only out of profits and in accordance with the provisions of section 205 of the Companies Act, 1956 or any statutory modifications thereof. b) The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. c) The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company. d) The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the company on account of call or otherwise in relation to the shares of the Company. e) In the case of Joint Holders, it shall be sufficient for the company to effect payment of the dividend to the first named among them. f) Unpaid or Unclaimed Dividend: Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days open a special account in that behalf in any scheduled bank called "**Unpaid Dividend Account of Taksheel Solutions Limited**" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. A claim to any money so transferred to the Fund account may be referred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.
CAPITALISATION OF PROFITS AND RESERVES	**100(1)**	The Company in the General Meeting may upon the recommendation of the Directors resolve: a. That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts or the credit of the profit and loss Account, or

		otherwise available for distribution; and b. That such sum be accordingly set free for distribution in the manner specified in clause (2) among with members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
	100(2)	The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards. i. Paying any amounts for the time being unpaid on any shares held by such members respectively: ii. Paying up in full, un issued shares of the Company to be allotted and distributed, credited as fully paid up amongst such members in the proportion aforesaid; or iii. Partly in the way specified in sub-clause (i) partly in sub-clause (ii).
	100(3)	A Share Premium account, undivided profits of the company standing to the credit of the Reserve Fund and a Capital Redemption Reserve Account may, for the purpose of this article, be applied only to issue shares to be issued to a member of the company as fully paid bonus shares.
	100(4)	The Board shall give effect to this resolution passed by the Company in pursuance of this Article.
INDEMNITY	**101**	Subject to the provisions of the Companies Act, 1956, every Director, Managing Director, Secretary or Manager of the company shall be indemnified by the Company against all losses or liabilities and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer may incur or become liable to by reason of any contract entered into act or deed done by such officer in any way in the discharging of his duties including travelling expenses and the amount for which such indemnity is provided shall be immediately attached as a lien on the property of the company and have the priority as between the members over all other claims.
ARBITRATION	**102**	Whenever any difference or dispute arises between the company on one hand and any of the members or either their heirs, executors, administrators or assignors on the other hand, or between the members interest touching the true intend or construction of the incidents or consequences of these presents or the statutes, or touching anything when, or thereafter done, executed, omitted resuffered in pursuance of these presents or of the statutes or touching any breach or otherwise relating to the promises or to these presents or to any statute affecting the Company or to any of the officers of the Company, every such differences or disputes shall be referred to the decision of an arbitrator to be appointed by the parties to the dispute or in difference or if they cannot agree upon a single arbitrator, to the decision of two arbitrators, or whom one shall be appointed by each of the parties to the dispute or in difference. Such Arbitration will be governed by the laws for the time being in force.

THE SECRETARY	**103**	Subject to the provisions of Section 383A of the Act, the Directors may, from to time appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the act or there Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.
WINDING UP	**104**	If the company shall be wind up the liquidators may, with the sanction of a special resolution, divide amongst the members and contributors assets of the Company in accordance with the provisions of the Companies Act, 1956.

SECTION XII - OTHER INFORMATION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Lanco Hills Technology Park Private Limited (SEZ), Survey No.201, Manikonda Village, Rajendra Nagar Mandal, Hyderabad - 500 089, Andhra Pradesh, India from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts for Inspection

1. Engagement letter dated 7th December 2010 appointing PNB Investment Services Limited as the Book Running Lead Manager to this Issue

2. Memorandum of Understanding dated 24th December 2010 between our Company and BRLM to this Issue.

3. Memorandum of Understanding dated 18th November 2010 between our Company and Bigshare Services Private Limited as Registrar.

4. Engagement letter dated 7th December 2010 issued by the Company appointing Kanga & Co as the Legal Advisors to the Issue

5. Escrow agreement dated [●] between us, the BRLM, Escrow Collection Banks, and the Registrar to the Issue

6. Syndicate agreement dated [●] between us, the BRLM, and the Syndicate Members.

7. Underwriting agreement dated [●] between us, BRLM, and the Syndicate Members.

B. DOCUMENTS FOR INSPECTION

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including Certificates of Incorporation of our Company dated 23.09.1999, 29.11.2006 and 28.12.2006
2. Copy of the resolution passed at the meeting of the Board of Directors held on 22nd November 2010 regarding the issue.
3. Copy of the resolution passed by the shareholders at EGM held on 17th December 2010 under Section 81(1A) of the Companies Act, 1956 in relation to this issue and other related matters.
4. Copy of resolution passed at the meeting of Board of Directors held on 27th December 2010 for approving DRHP.
5. A Copy of the Board Resolution dated 05th May 2010 and resolution of the shareholders passed at the Extra ordinary General Meeting dated 03rd June 2010, fixing the present term of appointment and remuneration of our Director i.e. Mr. Pavan Kumar Kuchana as Managing Director.
6. Reports of our Statutory Auditor, Karumanchi & Associates, Chartered Accountants, dated 20th December 2010 regarding Standalone restated financial statement of the Company for financial year ended 2006, 2007, 2008, 2009 and 2010 and for the three month period ended June 30, 2010.
7. A Copy of the Statement of Tax Benefits report dated 20th December 2010 issued by our Statutory Auditor, Karumanchi & Associates, Chartered Accountants.

8. Consents of Auditor, Bankers to the Company, BRLM, Legal Advisor to the Issue, Directors, Registrar to this Issue, Company Secretary and Compliance Officer as referred to, in their respective capacities.
9. Legal Due Diligence Report dated 27th December , 2010 by Kanga & Co, Advocates
10. In-principle listing approvals dated [•] and [•] from BSE and NSE.
11. Tripartite agreement between the NSDL, our Company and the Registrar dated 02.12.2008.
12. Tripartite agreement between the CDSL, our Company and the Registrar dated 30.10.2007.
13. Due Diligence Certificate dated 29th December 2010 to SEBI from BRLM.
14. Consent of [●], the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
15. Certificate dated 20th December 2010 pertaining to funds already deployed until December 19, 2010 incurred towards Objects of the Issue, issued by Karumanchi & Associates, Chartered Accountants.
16. Business Valuation Report of Dataformix Technologies Inc owned Lexicon Private Limited by M. Bhaskara Rao & Co dated 24th March 2007.
17. Business Valuation Report of IBCC – Techno Park Private Limited for acquisition of Dataformix Technologies Inc owned Lexicon Private Limited by M. Bhaskara Rao & Co dated 24th March 2007
18. Valuation analysis of common stock International Business Software Solutions Inc by Pricewaterhousecoopers for acquisition of IBSS Inc by Taksheel Solutions Limited [formerly IBCC – Techno Park Private Limited]
19. Business Valuation Report of IBCC – Techno Park Private Limited for issue of Employee Stock Options by M. Bhaskara Rao & Co dated 24th March 2007.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XIV - DECLARATION

We, the Directors of our Company, hereby declare, that all the relevant provisions of the Companies Act, 1956, SEBI ICDR Regulations and guidelines issued by the Government of India, as the case may be, have been complied with and that no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or guidelines issued there under, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF TAKSHEEL SOLUTIONS LIMITED

Mr. Pavan Kumar Kuchana
(Chairman cum Managing Director) ______________________________

Mr. Ramaswamy Kuchana
(Director) ______________________________

Mr. N.V.Ramana
(Non Executive Independent Director) ______________________________

Mr. Vijay Kumar Devarakonda
(Non Executive Independent Director) ______________________________

Mr. Pramod Chada^
(Non Executive Independent Director) ______________________________

^ *Through their constituted power of attorney Mr. Pavan Kumar Kuchana*

Mr. V.K.Prasada Rao
Chief Financial Officer ______________________________

Mr. Naresh Kumar Miryala
Company Secretary & Compliance Officer ______________________________

Place: Hyderabad
Date: 27th December 2010