



RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated August 28, 2007
100% Book Building Issue

DHANUS TECHNOLOGIES LIMITED

(Originally incorporated on April 2, 1993 as Wantech Communications Private Limited with the Registrar of Companies, Tamil Nadu, Chennai. The name of the Company was changed to Dhanus E-Com Private Limited and a fresh certificate of incorporation was obtained on August 7, 2000 from the Registrar of Companies, Tamil Nadu, Chennai. Subsequently, the Company was converted into a public limited company on September 18, 2000 under section 44 of the Companies Act, 1956 and the name was changed to Dhanus E-Com Limited. The name of the Company was further changed to its present name Dhanus Technologies Limited on June 25, 2004. (For details of changes in Registered Office of the Company please refer to page no. 11 of this Red Herring Prospectus).

Registered Office: 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai – 600 017

Tel.: +91 44 28151135/28151635/39180735; Fax: +91 44 3918 0789

Corporate Office: Suite 4-A, 4th Floor, 'A' Block, Mena Kampala Arcade, 113/114 Sir Theyagaraya Road, T. Nagar, Chennai – 600 017

Contact Person/Compliance Officer: Mr. V. Baskaran, CFO & Company Secretary

E-mail: ipo@dhanus.net; **Website:** www.dhanus.net

PUBLIC ISSUE OF 38,35,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) AGGREGATING TO RS. [•] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE COMPRISES A RESERVATION FOR ELIGIBLE EMPLOYEES OF UPTO 2,00,000 EQUITY SHARES OF RS. 10/- EACH ("EMPLOYEE RESERVATION PORTION") AND THE NET ISSUE TO THE PUBLIC OF 36,35,000 EQUITY SHARES OF RS. 10/- EACH. (THE "NET ISSUE")

THE ISSUE WOULD CONSTITUTE 21.37% OF THE FULLY DILUTED POST ISSUE PAIDUP CAPITAL OF THE COMPANY. THE NET ISSUE WOULD CONSTITUTE 20.26% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 280/- TO Rs. 295/- PER EQUITY SHARE OF FACE VALUE OF RS 10/-.

THE ISSUE PRICE IS 28.0 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 29.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

BOOK RUNNING LEAD MANAGER

SREI CAPITAL MARKETS LIMITED

'Vishwakarma',
86C, Topsia Road (South)
Kolkata – 700 046
Tel : +91-33-39873845
Fax: +91-33-39873861/39873863
E-Mail: capital@srei.com
Investor Grievance
E-mail: scmlinvestors@srei.com
Website: www.srei.com

REGISTRAR TO THE ISSUE

ISSUE PROGRAMME

BID/ISSUE CLOSES ON : WEDNESDAY SEPTEMBER 12, 2007

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SECTION I

DEFINITIONS AND ABBREVIATIONS

Conventional / General Terms

Term	Description
"Dhanus Technologies Limited" or "Dhanus" or "the Company" or "Issuer"	Unless the context otherwise requires, refers to, Dhanus Technologies Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai - 600 017.
Subsidiary	Dhanus Global Medicare Limited and Dhanus Technologies Inc., USA.
Group Companies/Firms	Dhanus Agro and Chemicals and Mpingi Inc., USA.
Promoter(s)	Shall mean jointly Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan.
Promoters' Group	As defined in Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof Promoters' Group includes : Asha Sudhindra N. Ranganayaki A.D.S.N. Prasad Geetha Srinivasan S. Muthukrishnan R. Venkatraman Rajiv Venkatraman Chandrasekar Venkatraman Radharani Venkatraman Geetha Venkatraman
You, Your, Yours	Unless the context otherwise requires, refers to, investors.

Issue Related Terms

Term	Description
Allotment/Allotted /Allocated	Unless the context otherwise requires, the Issue/allotment of Equity Shares of the Company, pursuant to the Public Issue, to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted, pursuant to the Issue.
Articles / Articles of Association/AoA	The Articles of Association of Dhanus Technologies Ltd.
Auditors	The statutory auditors of the Company, being M/s P.C. Acharya & Co., Chartered Accountants.
Banker(s) to the Issue	ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Axis Bank Limited and ABN AMRO Bank
Bid	An indication to make an offer made by a prospective investor during the Bidding/Issue Period by a bidder to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the Issue which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Tamil newspaper.
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue 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 Tamil newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to

	subscribe to/purchase the Equity Shares of the Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus and the Bid-cum-Application form through the Book Building Process.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.
Board/Board of Directors	The Board of Directors of Dhanus Technologies Limited or a committee thereof.
Book Building Process / Method	Book building process as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made.
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being SREI Capital Markets Limited.
BSE	Bombay Stock Exchange Limited.
CAN / Confirmation of Allocation Note	Means the note, 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, Rs. 295/- per equity share in the Issue, above which the Issue Price will not be finalized and above which no bids will be accepted.
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time.
Cut-off / Cut-off Price	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders and employees applying under employee reservation portion who are applying for a maximum bid amount not exceeding Rs.1,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs.1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Designated Date	The date on which Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account, after the Prospectus is filed with the ROC, following which the Board of Directors shall allot the Equity Shares to successful Bidders/Allottees.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of Dhanus Technologies Limited, unless otherwise specified.
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956 and SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Eligible Employee	Means a permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Directors forming part of Promoter/Promoter group are not eligible to be treated as eligible employees.
Employee Reservation Portion	The portion of the Issue being 2,00,000 Equity Shares available for allocation to Employees.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques/drafts in respect of the Bid

	amount/margin money, when submitting a Bid.
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened, in this Issue.
FII(s)/Foreign Institutional Investor	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
First Bidder	The bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, Rs. 280/- per equity share in the Issue, below which the Issue Price will not be finalised and below which no bids will be accepted.
Fresh Issue/ Issue/ Public Issue/ Offer	Public Issue of 38,35,000 Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lakhs by the Company in terms of this Red Herring Prospectus.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended.
Income Tax Act	The Income Tax Act, 1961, as amended from time to time.
Issue Price	The final price at which Equity Shares will be allotted in the Issue, as determined by the Company in consultation with the BRLM, on the pricing date.
Issuer	Dhanus Technologies Limited
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, which may be 10% or 100% of the Bid Amount, as applicable.
Memorandum of Association/Memorandum/ MOA	The Memorandum of Association of Dhanus Technologies Limited.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or 1,09,050 Equity Shares (assuming the QIB Portion is for 60% of the Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue	The Issue less the Employee Reservation Portion i.e., 36,35,000 Equity Shares of Rs.10/- each
Non-Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non-Institutional Portion	The portion of the Net Issue being 3,63,500 Equity Shares of Rs.10/- each available for allocation to Non-Institutional Bidders.
NSE	National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the withdrawal of general permission to Overseas Body Corporate Regulations, 2003 and immediate prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Price Band	The price band with a minimum price of Rs. 280/- and the maximum price of Rs. 295/- per Equity Share, including revisions thereof.
Pay-in-Period	i. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and

	ii. With respect to QIBs or Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Pre-IPO Investors	The Investors who have been allotted Equity Shares in the Company after the filing of the Draft Red Herring Prospectus with the Securities & Exchange Board of India, but before filing of this Red Herring Prospectus with RoC.
Pre-IPO Placement	The preferential allotment aggregating to 3,65,000 Equity Shares made by the Company to Investors after the filing of the Draft Red Herring Prospectus but before the filing of this Red Herring Prospectus
Pricing Date	The date on which the Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, filed with the RoC containing, inter-alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) for the Issue on the Designated Date.
Qualified Institutional Buyers/QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 2500 lakhs and Pension Funds with a minimum corpus of Rs. 2500 lakhs.
QIB Portion	The portion of the Net Issue being 21,81,000 Equity Shares of Rs.10 /- each available for allocation to QIB Bidder(s).
Registrar/Registrar to the Issue	Being the Registrar appointed for the Issue, in this case Cameo Corporate Services Limited having its registered office at Subramanian Building, 1, Club House Road, Chennai - 600 002.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs.1,00,000/-
Retail Portion	The portion of the Net Issue being 10,90,500 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/Red Herring Prospectus	Means the Offer Document issued in accordance with the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC in terms of Section 60B of the Companies Act, 1956 at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing date.
ROC/Registrar of Companies	Registrar of Companies, Tamil Nadu, Chennai.
SCML/SREI	SREI Capital Markets Limited a public limited company incorporated under the provisions of the Companies Act, 1956 and, with its registered office at "Vishwakarma", 86 C, Topsia Road, (South), Kolkata-700 046.
Stock Exchanges	BSE and NSE.
Syndicate	BRLM and Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into among the Company and Syndicate Member(s) in relation to the collection of Bids in this Issue.
Syndicate Members	Enam Securities Private Limited and Reliance Securities Limited
TRS or Transaction Registration Slip or Order Confirmation Note	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid.
Underwriters	[•]

Underwriting Agreement	The agreement between the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

Company/Industry Related Terms

Term	Description
ASP	Application Service Provider
B2B	Business to Business
B2C	Business to Consumer
BPO	Business Process Outsourcing and also refers to a strategic business unit of the Company which undertakes such activities.
CDMA	Code Division Multiple Access
CPU	Central Processing Unit
CRM	Customer Relationship Management
DOT	Department of Telecommunication
EPO	Employment Process Outsourcing
ERP	Enterprise Resource Planning
GIS	Geographic Information System
GPS	Global Positioning System
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
Internet	An open global network of interconnected commercial, educational and governmental computer networks that utilise a common communications protocol.
Intranet	A collection of computers connected through a network and using Internet technologies for communication within it.
IP	Internet Protocol
IPR	Intellectual Property Rights
IT	Information Technology
ITES	IT Enables Services
IT Infrastructure	A system of hardware and / or software arrangements that facilitates the storing, retrieving and sending of information.
IVR	Interactive Voice Response
KPO	Knowledge Process Outsourcing
MNC	Multi National Company
NOC	Network Operating Centre
NQA	National Quality Assurance Limited
OEM	Original Equipment Manufacturer
Offsite	Refers to service work done outside India at a place other than the clients' premises.
Onsite	Refers to service work conducted at the clients' premises.
PIN	Personal Identification Number
PSTN	Public Switched Telephone Network
R & D	Research and Development

Abbreviations

Term	Description
AGM	Annual General Meeting of the shareholders
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Ltd.
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
GOI	Government of India
HUF	Hindu Undivided Family
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income Tax Act, 1961, as amended.
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PAT	Profits After Taxation
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
ROC	Registrar of Companies
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRR	Securities Contract Regulation Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
TAN	Tax Deduction Account Number

SECTION II

RISK FACTORS

i. CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated financial statements as of and for the years ended June 30, 2003, 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of the Statutory Auditors of the Company, M/s P.C. Acharya & Co., Chartered Accountants beginning from page no. 171 of this Red Herring Prospectus. The fiscal year commences on July 1 and ends on June 30.

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lakh" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in Lakhs, unless otherwise stated. All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to US\$, USD, or US Dollars are to the United States Dollars, the legal currency of the United States of America.

All references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

For additional definitions used in this Red Herring Prospectus, see the section "Definitions and Abbreviations" beginning from on page no. i of this Red Herring Prospectus. In the section entitled "Main Provisions of the Articles of Association of the Company" beginning from page no. 327 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. The calculation of revenues by customer geography is based on the location of the specific customer entity for which services are performed, irrespective of the location where a billing invoice may be rendered. Market and Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry data used in this Red Herring Prospectus to be reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

FORWARD LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements. These forward looking statements can be generally identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses or proposes to have its business, and the Company's ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, its exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations 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 and foreign laws, regulations and taxes and changes in competition in the Company's industries.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, but are not limited to:

- The Company's ability to successfully implement its strategy, growth and expansion plans and technological changes;
- Increasing competition in and the conditions of the Indian & Global communications, ITES & IT Industries, and Telematics;
- General economic and business conditions in India;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the Indian and global Communications / IT industry, Telematics sector and the country in general;
- Increasing competition and the conditions of the customers of the Company, and the IT and ITES industry;
- Changes in political and social conditions in India and
- The Company's ability to meet its capital expen

ii. RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any of the risks described in this section.

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 events may not be material individually but may be found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impact in future.

I. INTERNAL TO THE COMPANY

1. A FIR No. 334/07 dated July 2, 2007 has been filed u/s 406, 420, 120(B) with Central Crime Branch, Chennai against an Independent Director of the Company.

An FIR No. 334/07 dated July 2, 2007 has been filed u/s 406, 420, 120(B) with Central Crime Branch, Chennai by Mr. R. Sriram (Complainant) against Mr. P.V. Sridhar, Mr. Ravikanth Venkatesan and Mr. Ratan Ranka (Accused). The Complaint has been lodged u/s 200 and 156(3) Cr. PC for offences punishable u/s 406, 420, 120(B) of IPC. Mr. Ratan Ranka is one of the Independent Director of the Company.

The Complainant has alleged that he invests in shares through both primary and secondary market, and that he used to make investments through Mr. Venkatesan also. In April, 2006 when the complainant was travelling overseas, he had left signed blank demat slips to be used for the purpose of buying and selling shares based on complainant's instructions. On his return, he found that 75,000 shares of SAAG RR Infra had been transferred out of his account. He has alleged that it was transferred to Mr. Sridhar, and that the three accused had conspired to cheat him. The Complainant has alleged that Mr. Sridhar has refused to hand him back the shares and that on account of the said act he has incurred a loss of Rs. 37.5 lakhs. The Complainant had requested the Court to direct jurisdictional police viz., Dy. Commissioner, Crime Branch, Chennai to register the FIR, investigate the offences committed and file a report with the Court. Based on the orders of the Court, the FIR was registered.

Mr. G. Rathan Kumar alias Ratan Ranka has on 21.7.2007 filed a Petition No. 21784 with the Hon'ble High Court, Chennai wherein he has stated that he had no role in the commission of the offence. He has been granted Anticipatory Bail by the Hon'ble High Court.

For further details on the above case, please see the section titled "Outstanding Litigations and Defaults" on page no.261 of this Red Herring Prospectus.

2. A Search was conducted on the Company by SPE, CBI, ACB Chennai u/s 165 of the Cr PC. The outcome of the search and seizure is not known.

There was a search conducted by the SPE CBI ACB Chennai under Section 165 of Cr.Pc. in connection with FIR no. RC MAI 2007A 0009 and u/s 120-B r/w 420, 468, 471 IPC and sec 13(2) r/w 13(1)(c) & (d) of PC Act, 1988 at the Company's registered office at 6-B Mena Kampala Arcade, 113/114, Theyagaraya Road, T.Nagar, Chennai – 600 017 on 03.08.2007 and 06.08.2007; at the residence of the Managing Director of the Company, Mr.V. Narayanaswamy at No.174, West Chitra Street, Srirangam, Trichy – 620 006, at the Company's guest house at Flat No A-3, 3rd Floor, Golden Primrose, 32/34, Saravanan

Street, T. Nagar, Chennai – 600 017 and the residence of one of the employees of the Company, Mr. K.R. Soundararajan at R/o No. 14, II Floor, Temple Street, Kilpauk, Chennai – 600010 on 03.08.2007.

An F.I.R. No. RC MAI 2007 A 0009 dated 21.02.07 has been registered by CBI based on the written complaint made by Mr. R. Prabha, General Manager Canara Bank, Circle Office, No.563/1, Anna Salai, Teynampet, Chennai to the Superintendent of Police, CBI, ACP, Shastri Bhavan, Haddows Road, Chennai. The said FIR has been lodged for criminal conspiracy, cheating, creation of forged documents, using forged documents as genuine, criminal misconduct by public servant.

The complaint lodged by Mr. R. Prabha is against Mr. A. Ammaippan (Manager Scale –II), the then Credit Manager of Canara Bank, Nungambakkam Chennai Branch for sanction of 45 personal loans under CANBUDGET scheme during January '06 and February '06 in the names of persons alleged to be employees of PAN Softek Solutions Limited, No.68, 2nd Floor, J.M.D. Building, 5th Main Road, CIT Nagar (East), Nandanam, Chennai. The loans were sanctioned based on fake and forged documents and all the 45 loan applications had defaulted. Mr. Shreyas Sripal and Mr. T.P. Anand were directors of PAN Softek Solutions Limited.

In the course of the search CBI has seized several items including cash, documents, cheque books, computers, V-Tel Callings cards and passports of some of the directors of the Company.

Further, Mr.V.Narayanaswamy, Managing Director of the Company has issued a letter dated 16.08.2007 to Mr. C.S. Moni, Inspector of Police, CBI – ACB, 3rd Floor, Shastri Bhavan, Nungambakkam, Chennai – 600 034 stating that the Company and its directors are in no way connected with M/s. PAN Softek Solutions Limited and its employees.

No FIR has been registered or summons issued so far against the Company, its directors or its employees.

3. The Company is yet to receive NOC/license from Department of Telecommunications for selling international calling cards in India.

As per the search list it has been mentioned that during the course of search by the SPE CBI ACB Chennai under Section 165 of Cr.Pc. at the registered office of the Company at 6-B Mena Kampala Arcade, 113/114, Theyagaraya Road, T.Nagar, Chennai – 600 017 and at the Company's guest house at Flat No A-3, 3rd Floor, Golden Primrose, 32/34, Saravanan Street, T. Nagar, Chennai – 600 017, the Department of Telecommunication (DOT) officials were contacted by the CBI who in turn had enquired with the Licensing cell, DOT, Government of India, New Delhi and found that the Company has not been given any license/No Objection certificate by the DOT, New Delhi for selling international calling cards in India. As per the search list the Divisional Engineer (VTM) DOT, Chennai has preferred a written complaint to SP, CBI, ACB Chennai requesting to take action in the matter. The Company has however till date not received any copy of the complaint either from the DOT or from the CBI. However the Company has vide its letter dated 4th July 2007 has sought clarification and direction regarding such a requirement from the DOT and also vide its letter dated 11th of August, 2007 applied for a "No Objection Certificate" with the Department of Telecommunications, Government of India for sale of International Calling cards in India.

4. In the Calling card business, the Company is operating through a network of distributors. These distributors can at any time terminate the arrangement without cause and with little or no notice or penalty, which could negatively impact the Company's revenues and profitability.

Management Perception

As the Company has multiple distributors in the same area, non-performance or termination by any one or few distributors would not have material impact on the Company's financials. Also, the Company constantly attempts to develop new distributors and interact with its dealers to have a participative relationship with them in order to have a healthy distributor-friendly relationship. However, if the termination of any distributor is initiated by the Company, the Company will calculate the impact on its business before

taking such decision and would proceed only if it is not against the interests of the Company.

- 5. The Company does not have its own telecom infrastructure in the countries where its Global Calling cards are operational. Thus, it is totally reliant on the telecom operator's infrastructure backbone in those countries. Therefore, any disruption in the telecom operator's service could impact the service levels and revenues of the Company.**

Management Perception

The Company is not dependent on any single telecom operator for infrastructure support to provide its services. Any disruption in the service of any one telecom operator can be addressed without impacting the service levels and revenues of the Company. At present, Indian companies issuing Global Calling cards do not have telecom infrastructure of their own all over the world. Therefore, the Company not having its infrastructure all over the world would not impact its operations substantially.

- 6. The Company's success in the Software and Business Process Outsourcing (BPO) segment depends largely upon highly skilled professionals and the ability to attract and retain these personnel. The Software and BPO industries are highly employee-intensive having a high rate of attrition.**

Management Perception

The Company's ability to service its existing clients and to develop new clientele does depend largely on its ability to attract, train, motivate and retain highly skilled software professionals. Demand for senior management in the Information Technology and Information Technology enabled Services industry is strong, and the Company constantly strives to retain such personnel and also attract fresh talent. The loss of any of the members of senior management or other senior professionals may adversely affect business, results of operations and financial condition. The Company however constantly strives to maintain an employee-friendly policy and atmosphere. The Company has managed to keep the attrition rate under control, and during the period from April 2006 to March 2007, the employee attrition rate has decreased from 14% to 11%.

- 7. The Company's operations in Business Process Outsourcing (BPO) segment are on a smaller scale compared to many larger players. The size of the operations precludes the Company from offering the full gamut of services comprising transaction processing; purchasing and disbursement, order entry, billing and collection, human resources administration, cash and investment management, tax compliance, internal audit, pay roll etc that larger players are able to offer.**

Management Perception

The Company has already increased the capacity of its Business Process Outsourcing Division and has concrete plans of scaling up its operations to meet its customer requirements. The Company operates in segments where the customers are looking at call centres of the size, the Company operates in, and has a complete service portfolio to meet any requirement of its customers. The Company's Business Process Outsourcing operations are substantially in the field of telemarketing and generation of marketing leads, which does not require an elaborate infrastructure. The Company started its Business Process Outsourcing operations in 2006 and currently it has 85 seats, which it proposes to expand, in stages, to 500 seats by end of 2007.

- 8. The Business Process Outsourcing industry is driven by technology and there is possibility of the Company losing out in terms of revenue and clients due to its inability to keep abreast with the latest technological changes, in future. The technology component of any Business Process Outsourcing business increases as the industry moves up the value chain.**

Management Perception

The Company's main BPO service is in the area of telemarketing and generation of marketing leads. The investment in technology up gradation in this business segment is not typically high. The Company however is constantly upgrading technology on a continuous basis. The current roadmap to upgrade its infrastructure for Network Operating Centre, Information Technology enabled Services/Business Process Outsourcing operations and support services is an attempt by the Company to attain higher growth through advanced technological support and management.

- 9. Data protection is a critical factor for the Business Process Outsourcing industry. Insufficient data protection measures could result in the BPO segment losing out important business. While on one hand, inadequate data protection measures could impact business growth; on the other hand bulging data security budgets could be a drain on resources.**

Management Perception

The segment in which Business Process Outsourcing services are being offered by the Company does not call for storing client's databases for an extended period of time as most of the BPO contracts are event, product launch based, and it is more to do with telemarketing and lead generation, which changes from time to time based on a client's specific launch, product scheme, event or business season. Therefore, data protection is not a critical factor that might impact business in the BPO segment in which the Company operates. The Company however has adequate safeguards in place to protect data transmission to and from its customers.

- 10. Some BPO segments have acquired Global Quality Certifications such as BS7799 and Six sigma. Many Indian firms, as an industry practice, try complying with the Six Sigma requirements and BS7799 (a British standard for information security) to procure contracts. The Company has not acquired such certifications. This may impact the Company in getting new businesses in future.**

Management Perception

BS7799 is the most widely recognized security standard in the world. BS 7799 (ISO 17799) is comprehensive in its coverage of security issues, containing a significant number of control requirements. Although it was originally published in the mid-nineties, its revision in May 1999 was what really brought it to the fore. Ultimately, it evolved into BS EN ISO17799 in December 2000. Six Sigma is a methodology that provides business with the tools to improve the capability of their business processes. This increase in performance and decrease in process variation leads to defect reduction and vast improvement in profits, employee morale and quality of product.

Although the Company has not obtained the above certifications, it has not affected its ability to procure contracts or serve its clients. The Company however has been certified as ISO 9001:2000 compliant Company by Moody International Certification Limited certifying the Company's Quality Management System in the areas of BPO, Telecom Services – Voice/Non Voice, Information Technology, Information Technology Enabled Services and Vehicle Tracking Systems (Logistics). It also has been given a SE 1A rating indicating high performance capability and high financial strength by Dun & Bradstreet Information Services India Pvt. Ltd.

In future, the Company will attempt to obtain such global quality certifications.

- 11. The Company's BPO operations and consequently its revenues could be adversely affected by underutilization on account of inadequate business or misutilization by taking businesses that may not yield enough margins to justify its installed seat and infrastructure capacity.**

Management Perception

Effective utilization of capacities is a key factor in the Company's ability to generate revenue and profits from outsourcing. To create adequate capacity so as to accommodate

new or expand outsourcing projects, the Company will have to open new contact centres or expand existing ones. A new contact centre or expanded facility may in the short run have idle or underutilized capacity until enough business is generated. The Company constantly strives to scale up its operations based on estimated capacity utilization of its facilities on a long-term basis. The Company also attempts to procure businesses and enter into contracts that have healthier margins.

- 12. One of the principal products of the Company - FleeTrac™ that is based on the GPS (Global Positioning System) technology may be subject to technological obsolescence.**

Management Perception

GPS technology is subject to obsolescence like any other technology, but the same is unlikely to occur in the near future as any new technology would need to put in orbit a large number of satellites to replace the existing GPS satellites. However, should any such new technology emerge, the Company, being a service provider, would have to use the latest technology at any given date for its applications.

- 13. The technology used by the Company for FleeTrac™ is universally available thus encouraging the possibility of newer entrants and increasing competition.**

Management Perception

While any new competitor can, at any time, enter the vehicle tracking business and capture a sizeable portion of the market, the Company is seeking to create barriers to entry by the quality of services offered and the bouquet of services offered on a pan-India basis which makes it harder for competition to emulate. Also, the Company plans to ramp up its scale of business across the country in order to corner sizeable share of the market.

- 14. Although, the FleeTrac™ services business has growth potential in India given its usage in transportation, courier, security, police, defence, logistics and supply chain management services; the concept of Vehicle Tracking Services itself is in the introduction stage in India as its acceptability and success is yet to be tested.**

Management Perception

The Company is laying emphasis on creating product awareness and educating its potential consumers on the far-reaching benefits of implementing vehicle tracking services. The Company will resort to competitive pricing and ramp up its scale of business across the country to build up market share rapidly. During the initial stages, distribution would be selective until there is acceptance of the product among consumers.

- 15. Any inability to manage the Company's growth could disrupt its business and reduce profitability.**

Management Perception

The Company has experienced significant growth in revenues last year and expects this growth to place significant demands on both its management and resources. This will require the Company to continuously evolve and improve its operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in:

- a. Recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- b. Adhering to the Company's high quality and process execution standards;
- c. Maintaining high levels of client satisfaction;
- d. Preserving the Company's culture, values and entrepreneurial environment; and
- e. Developing and improving the Company's internal administrative infrastructure, particularly the financial, operational, communications and other internal systems. Any inability to manage growth may have an adverse effect on its business, results of operation and financial condition.

- 16. The Company has not placed orders for majority of the equipments or made any significant financial commitment as a forerunner to utilization of issue proceeds.**

Management Perception

The Company has already identified the equipments to be installed and have floated enquiries for all the equipments and the quotations from various parties have already been received. The Company intends to use the net proceeds of the Issue for the purposes described in the section titled "Objects of the Issue" beginning at page no.34 of this Red Herring Prospectus. All the figures included in the section titled "Objects of the Issue" are based on the Company's own estimates.

The estimate of costs for the company's current project is based on quotations received from builders/architects, vendors and internal estimates. These quotes are subject to change and may result in cost escalation. However, it has been seen that the costs of the various new equipments proposed to be purchased for the Company's Network Operating Centre, ITes/BPO operations, and FleeTrac business have been reducing over the years on account of technological advancements and intense competition between the various OEMs. The Company expects all new equipments to be available at the quoted prices or less.

- 17. The Company's business generation capabilities, and consequently its revenues and profitability are dependent on a number of factors, and are likely to be impacted on a periodic basis. Therefore future performance of the Company can not be gauged from its past financials.**

Management Perception

The Company's business and revenues has been on a growth path in the past. The issues that could possibly impact the revenue and profitability of the Company could be on account of the start of new contracts and completion or termination of existing contracts; customer contracts that may require the Company to incur costs in periods prior to recognizing revenue under those contracts; change in business matrix influencing on profit margins; increase in selling, and administrative overheads while procuring new contracts; and the likely changes in the Company's business in various quarters of the year on account of changing business fortunes of the Company's clients.

- 18. Disclosure of sensitive or confidential information of Client could expose the Company to result in loss of clients and litigations.**

Management Perception

The Company, on account of the nature of its business in the Software services and FleeTrac™ Vehicle Tracking Services, is required to store data in safe custody in connection with its services. The Company ensures that it takes adequate precautions to protect confidential client data. However, if its security systems are for any reason trespassed by any person, the Company could face liability claims from its clients for having breached confidentiality provisions or privacy laws. Such a scenario could also result in Company losing its reputation and goodwill resulting in loss of business. The Company however constantly monitors its security systems, and makes constant efforts to ensure that such a situation does not arise.

- 19. The Company may face infringement or misappropriation of its intellectual property or invasion of its knowledge domain.**

Management Perception

The Company has a mix of confidentiality agreements with employees, non-disclosure and other contractual confidentiality requirements with its Clients in order to protect its business and systems. The Company is formulating further policies and measures in order to restrict access to and distribution of its customer's proprietary/confidential information. The Company currently does not have any pending intellectual property claims against it.

- 20. The Information Technology and Information Technology enabled Services market is very competitive, and if the Company fails to compete effectively, its revenues and profitability is likely to be adversely affected.**

Management Perception

The Company's competitors include large and mid-sized US-based, Indian and international outsourcing, software development and consulting companies. Some of the Indian and international competitors have significantly greater financial, marketing and technical resources, higher revenues, and therefore may be able to respond to certain types of client requirements more effectively than the Company can. The Company believes that- given the growth potential of the Information Technology and Information Technology enabled Services sector-there is sufficient space and avenue for the Company to scale up its business and at the same time come out with innovative and new-area services which would result in negating the threat of its competitors, both existing and potential.

- 21. The Company's planned capital expenditures may not yield the benefits intended.**

Management Perception

The Company cannot assure that it will be able to execute its expansion plans as contemplated in the section titled "Objects of the Issue" beginning on page no. 34 of this Red Herring Prospectus. The capital expenditure plans are subject to a number of variables, including possible cost overruns, development delays, and changes in management's views of the desirability of current plans. The Company may not be able to execute its expansion plans as contemplated. Due to time and/or cost overruns the anticipated benefit of such plans to its revenues and profitability may decline. To the extent that completed and/or planned capital expenditures do not produce anticipated or desired revenue or cost-reduction outcomes, the profitability and financial condition will be adversely affected.

- 22. The Company has not commissioned an independent appraiser and monitoring agency for monitoring the use of proceeds to be raised through the Issue.**

Management Perception

In terms of Clause 8.17 of SEBI (DIP) Guidelines, an Issuer Company is obliged to appoint a monitoring agency to monitor the use of issue proceeds in case of issues exceeding Rs. 500 crores. The same does not apply to the present Issue on offer as the total issue size will be below Rs. 500 crores. The use of proceeds of the Issue have been determined based on the management's internal estimates and no bank or financial institution has appraised the use of proceeds to be raised through the Issue. No independent body will be monitoring the use of Issue proceeds. The audit committee of the Board will be monitoring the use of proceeds of the Issue. The Company will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in its financial statements for the Financial Year 2007-08, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements proposed to be entered into with the BSE and NSE.

- 23. The cost of project is funded from the proceeds of the proposed Issue. Any delay or failure of the IPO may disrupt the implementation of the project.**

Management Perception

The Company is taking all necessary steps to comply with the SEBI Guidelines for Public Issue. The Company will ensure that the Public issue is successfully completed, without hampering the timelines as stated in the "Schedule of Implementation" stated at page no.74 of this Red Herring Prospectus.

- 24. The Company is involved in the following legal proceedings:**

The Company, directors and subsidiaries are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various authorities/courts. Should any new development arise, such as change in Indian laws or

rulings against the Company by trial or appellate courts or tribunals, the Company may need to make provisions in its financial statements, which could increase its expenses and its current liabilities. The Company can give no assurance that these legal proceedings will be decided in its favour. Any adverse decision, though insignificant, may have an effect on the Company's business and results of operations.

Legal Proceedings

- a Legal proceedings instituted against the Company and the monetary amount involved in these cases is given in the following table:

Type of litigation	Brief description and amount involved	Status
Legal Notice:	<p>A Legal Notice sent by Enhanced Customer Care Private Limited (ECC), Enhancement Technologies Private Ltd. and Mr. Ram V. Mani to Dhanus Technologies Ltd., Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan, Directors of Dhanus accusing failure to comply with the terms of the MOU dated 4.8.2005 entered into between ECC & Dhanus.</p> <p>The Notice called upon Dhanus and its Directors to pay a sum of Rs. 3.65 crores, furnish share certificates for 7,90,870 equity shares, of Dhanus and settle the claim of bank loan amounting to Rs. 1.90 crores.</p> <p>Amount involved – Rs. 5.55 crores</p>	<p>The Company sent a reply notice denying all claims of ECC. Further, a Memorandum of Caveat Petition u/s 148-A and order 52 C.P.C has been filed by the Director of Dhanus before the Hon'ble High Court at Madras on 28.11.2006.</p> <p>There has been no further development in this regard.</p>
Legal Notice	<p>Legal notice received by Dhanus for non-fulfilment of the terms of the MOU entered into with Batliboi Ltd. & Mr. Nirmal Bhogilal (both called Sellers), Mumbai. As per the MOU, the seller intended to sell the shares of Batliboi Environmental Engineering Limited (BEEL) and Dhanus intended to buy the said shares for a value of Rs. 11.50 crores. In addition to the purchase consideration, Dhanus would repay to the sellers the loan of Rs. 6.50 crores classified as sundry creditors in the books of Batliboi.</p> <p>The Company received a further legal notice from Batliboi and Nirmal Bhogilal invoking arbitration under Clause 15 of the MOU, and nominating an arbitrator on their behalf and calling upon Dhanus to nominate and appoint an arbitrator on its behalf within 15 days from the receipt of the said notice.</p> <p>Amount involved: Rs. 18 crores.</p>	<p>Dhanus denied the allegations and has reiterated that the MOU was not a concluded contract and that it was not acted upon by the parties and had been allowed to lapse. Dhanus has claimed that there does not exist an arbitrable dispute for reference and that the agreement had lapsed. Dhanus had also stated that a detailed reply would be sent within 10 days of the above letter of Dhanus.</p> <p>Dhanus is yet to send a detailed reply</p>
Company Law Board	<p>Petition filed by IPS Consultants (IPS) before the Company Law Board, Principal Bench, New Delhi u/s 113 of the Companies Act, 1956 for non delivery of share certificate by the Company.</p> <p>Amount involved: Nil</p>	<p>The petition has been directed to be transferred to the Southern Regional Bench, Chennai after objections were filed by Dhanus raising the plea of jurisdiction and the petition filed by IPS Consultants for retaining the matter before the Principal Bench has been disallowed vide order dated</p>

		<p>12.7.2007.</p> <p>However, until the matter is heard by Southern Regional Bench there is a direction restraining the Company from effecting any further transfer of shares. Directions were also issued by the Principal Bench for filing counter to the main Company petition by Dhanus and for hearing of the matter by the Southern Regional Bench at Chennai</p> <p>Dhanus has since filed a Counter stating that the Shares were issued to IPS in respect of their allotment and that IPS had transferred the same in favour of another party (transferee) and that the transferee had lodged the said shares with Dhanus for transfer. Dhanus submitted that the Petition had been filed before the Northern Bench and not before the Principal Bench and that the petition should be dismissed.</p> <p>The principal bench, Company Law Board had since transferred the petition to Southern Region Bench. The notice of hearing in the matter is yet to be received from the Southern Region Bench, Chennai.</p>
Company Law Board	<p>Mr. Venkatraman Mani filed a petition under section 111A(2) of the Companies Act, 1956 before the Southern Region Bench, Chennai accusing Dhanus and its directors (the respondents) of failure to comply with the terms of the MOU dated 4.8.2005 entered into between ECC & Dhanus and alleging that 7,90,870 shares bearing distinctive nos. 6864701-7655570 vide certificate no.251 and 3000 shares bearing distinctive nos. 8691398-8694397 vide certificate no.177 had been wrongly transferred to Mr. Muthukrishnan. The Petitioner prayed for rectification of the register of members of Dhanus and inclusion of his name as a shareholder to the extent of 7,93,870 equity shares.</p> <p>Amount involved: Nil</p>	<p>The Southern Bench vide its order dated 21.5.2007 has directed Dhanus not to sell, transfer, encumber or alienate the 7,93,870 equity shares till further order</p> <p>Dhanus filed C.A No.19/2007 challenging the maintainability of the petition as the issue sought to be raised in the petition concerns alleged illegal transfers and no ground for rectification has been made.</p> <p>The Company Law Board has directed the petitioner to file a counter to the said maintainability application.</p> <p>A Counter has since been filed by the Respondent/Petitioner. A rejoinder to the same is yet to be filed by the Company.</p> <p>The Company Law Board, Southern Regional Bench, Chennai has vide its order dated 07.08.07 directed that the pleadings are to be completed by the 31.08.07 and has fixed the next date of the hearing on 20.09.07</p>
Civil Suit	<p>A Civil suit has been filed by T. Ranganathan against Dhanus and Sree Sella Infrastructure & Projects Ltd. under Order IV Rule 1 of O.S. Rules read with Order VII Rule 1 of C.P.C 1908</p> <p>Dhanus had signed an MoU on 1.6.2006 with T. Ranganathan who</p>	<p>The High Court vide its interim directions dated 10.7.2007 has directed Dhanus and Sree Sella to furnish security to the extent of the suit claim i.e., Rs. 62,00,000/- within a period of four weeks from the date of the directions order failing which direct attachment of the movable, immovable belonging of Dhanus and</p>

	<p>was the Managing Director of Sree Sella in terms of which Dhanus would conduct a comprehensive due diligence aimed at ascertaining the statutory status, compliance, shareholding, assets, liabilities, revenue and expenditure of Sree Sella Infrastructure & Projects Ltd. within 2 weeks of the MOU and a report submitted to the Board of Dhanus. On satisfactory completion of the due diligence, 100% shares issued in Sree Sella was to be transferred to Dhanus and Dhanus would pay consideration. The MOU envisaged completion of the entire takeover by 20.6.2006.</p> <p>The plaintiff has alleged in his plaint that pursuant to the MOU he has transferred shares in favour of Dhanus and has also resigned as the Managing Director from the Board of Sree Sella and has alleged that Dhanus has not complied with the terms and conditions of the MOU. T. Ranganathan has sought recovery of a sum of Rs. 62,00,000/- with future interest @ 24% p.a. from the date of plaint till date of realisation, mandatory injunction directing Dhanus and Sree Sella to discharge and cancel all the guarantee, indemnity, security of any form offered by T. Ranganathan in favour of the financial institutions namely SBI Factors and Commercial Services (P) Ltd., Chennai and State Bank of Mysore, KK Nagar Branch, Chennai.</p> <p>Amount involved: Rs. 62 lakhs</p>	<p>Sree Sella would take place at a later date pending disposal of the suit. The High Court has vide its summons dated 18.7.2007 fixed the next date of appearance at six weeks after service of summons and to file in court a written statement stating the grounds of defence</p> <p>The plaintiff has withdrawn the suit on 01.08.07 and the High Court has vide its order dated 02.08.07 has allowed the suit to be withdrawn..</p>
Civil Suit	<p>Civil Suit filed by Anand Travels Rep. by its Sole Proprietor K.M. Anand Kumar, Plaintiff against Others comprising of 6 Defendants and Dhanus Technologies Limited Defendants</p> <p>Two of the Defendants (other than Dhanus) borrowed a sum of Rs. 23,33,000/- from the plaintiff to be repaid along with interest @ 24% per annum. Mrs. A. Padmavathy, wife of Mr. Anand Kumar also lent Rs. 35,81,000/- to the Other defendants (except Dhanus) at an interest of 24% per annum. Promissory Notes were executed by the said recipient Defendants in favour of the plaintiff and his wife and post-dated cheques in favour of the plaintiff. Additionally, one of the defendants M/s Enhanced Customer Care Private Limited owed a sum of Rs. 6.6 lakhs to the plaintiff towards transportation rental charges for the months of April, May and June 2005.</p> <p>The said defendants had agreed to</p>	<p>The Hon'ble High Court of Madras has vide its Summons dated 7.5.2007, asked Dhanus to obtain leave from the Court to defend the suit.</p> <p>There has been no further development in this matter</p>

	<p>the fact that the said outstanding sum along with interest @ 24% p.a. was owed to the plaintiffs, but the cheque given in favour of the Plaintiffs was dishonoured.</p> <p>The plaintiffs claimed that two of the defendant companies had allegedly merged with Dhanus and, that Dhanus had accepted and acknowledged the liabilities of the said Defendants (to the Plaintiff) and agreed to repay the loan amounts. Accordingly, Dhanus had allegedly repaid a sum of Rs. 10.40 lakhs towards interest and part of the principal sum and had made no repayment since then.</p> <p>The Plaintiff has filed suit for recovery of a sum of Rs. 34.33 lakhs towards recovery of loan amount of Rs. 29.14 lakhs and interest @ 24% of Rs. 5.19 lakhs.</p> <p>Amount involved: Rs. 34.33 lakhs</p>	
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b The Company is involved in the following legal proceedings for tax demands

Type of Litigation	Amount Involved (in Rupees lakhs)	Financial Implication	Status
Sales Tax Notice	390.11	Provisions in financial statements required, if legal proceedings not decided in Company's favour.	<p>The Commercial Tax Officer has invited for Objections within 15 days from the date of receipt of Notice by the Company, failing which orders will be passed as proposed.</p> <p>The Company has requested the Commercial Tax Officer for grant of time extension by another 30 days to furnish the reply and the details</p>

c Legal proceedings instituted against the Directors and the monetary amount involved in these cases is given in the following table:

Type of litigation	Brief description and amount involved	Status
Criminal Complaint	<p>A Criminal Complaint was filed against Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan and the Directors and President of Dhanus Technologies by Mr. Ananda Kumar before the Additional Chief Metropolitan Magistrate, Egmore, Chennai U/s. 200 r/w 156(3) Cr. P.C. for offence U/s. 420 r/w 109 r/w 120 (B) IPC in C.C.No.300/2006. The Complainant has alleged that he had advanced a loan of Rs. 60 lacs to Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan and the loan amount of Rs. 60 lacs plus an interest of Rs. 10 lacs was not refunded by them. The</p>	<p>The Complaint against the Directors and President of Dhanus was not pressed as such a Petition to Quash was filed by the Directors and President of the company before the Hon'ble High Court at Madras and the same was granted.</p> <p>As the quash petition was allowed, the Criminal case in C.C.No.300/2006 before Hon'ble ACMM, Egmore, Chennai, is closed as against directors and the president of the company.</p>

	Complainant accused the Directors & the President of Dhanus for colluding with the above accused in transferring their assets to Dhanus, with an intention to cheat the Complainant. Amount involved – Rs. 70 lakhs	
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d Litigations against the Subsidiaries of the Company:

Type of litigation	Brief description and amount involved	Status
Civil Suit	Dr. Suresh Rao Aroor the complainant has accused that due to failure of Dhanus Global and K.L. Jayakumar, the defendants to comply with the terms of the lease deed & due to non-payment of electricity dues, he had vide letter dated 20.9.2006, terminated the lease agreement but the defendants have not delivered vacant physical possession of the property. Thus the suit has been filed. Amount involved: Nil	The case is adjourned for further hearing and the date is yet to be fixed.

For more information regarding litigations, please refer to the section titled "Outstanding Litigations and Defaults" beginning on page no. 261 of this Red Herring Prospectus.

25. The Company is yet to place orders for the Equipments required for the objects of the Issue.

Management Perception

The Company has already identified the equipments to be installed and has floated enquiries for all the equipments, and the quotations from all prospective suppliers have already been received. Since the Company is technologically capable of setting up such facilities, it has an inherent advantage in identifying and selecting the right supplier at competitive rates. The Company has placed orders worth Rs. 152.56 lakhs and the said equipments have been received and installed. The Company proposes to order for the balance equipments as per the schedule of implementation stated at page no. 74 of this Red Herring Prospectus.

The Company has, as on July 20, 2007, spent a total sum of Rs. 239.81 lakhs towards the proposed project, comprising a sum of Rs. 85 lakhs paid as Advance towards purchase of Land, Rs. 2.25 lakhs towards Architect's fees, and Rs. 152.56 lakhs towards purchase of equipments. The above expenditure of Rs. 239.81 lakhs has been funded from internal accruals.

26. The Company has applied for Trade Mark Registration but is awaiting final registration.

The Company has filed Trademark applications for registration with the Registrar of Trademarks, The Office of the Trademark Registry at Chennai in November, 2005, for protecting its Logo viz., "Dhanus Logo" and "Dhanus Group" logo and word mark and also in respect of its various products. Since the registration of trade mark is a long drawn process, the Company will have the protection for its trade marks only on grant of registration by the Trade Mark Authorities.

Management Perception:

The grant of registration of trade marks by the Trade Marks Registry is a procedural process and the Company does not foresee any objection and is confident of getting the registration. Further, the Company has been using these marks for substantial period and

as such it has got strong ground to put forth its claim for registration before the authorities.

27. The Company cannot give assurances that the prospective customers will be satisfied with FleeTrac or that FleeTrac will gain market acceptance.

The Company has invested significantly in the development of the product with the aim of, among other things, to make FleeTrac market-friendly and acceptable, with several unique features. There is a possibility that FleeTrac may not eventually provide adequate returns commensurate with the investments. This may affect the growth plans, which in turn may affect the profitability of the Company.

28. There are no standard valuation methodologies or accounting practices in the emerging telecom and related industries in India. The financial statements of the Company are not comparable with those of other companies in the industry.

The Company currently is in the business of Telecards - V-Tel Global Calling Cards; Information Technology enabled Services/Business Process Outsourcing & Software Services and Telematics – FleeTrac Vehicle Tracking Services. There are no comparable listed companies in India either in the telecards or the telematics sector. Hence, comparison with industry peers on same parameters may not be an actual reflection of Company's strengths and weaknesses. Comparison with other companies may be difficult and may not provide investors with opportunities to make the sort of comparative analysis that they may make when investing in other companies.

29. The Company has in the past 12 months issued Equity Shares at a price which is lower than the Issue Price.

The Company has in the past 12 months made the following issuances of Equity Shares at a price which is lower than the Issue Price:

Date of allotment and date on which fully paid up	Number of Equity Shares	Issue price	Consideration	Reasons for allotment
07.08.2006	4,00,000	100	Cash	Allotment to Promoter Group
27.11.2006	23,000	125	Cash	Allotment to Others
29.12.2006	31,25,000	75	Cash	Allotment to Promoters, Promoter Group, Venture Capital Funds & Others
31.01.2007	3,50,000	125	Cash	Allotment to Others
28.02.2007	4,00,000	75	Cash	Allotment to Others
08.08.2007	2,15,000	275	Cash	Allotment to Investors under Pre-IPO

30. The approval relating to foreign subsidiaries is pending under Section 212(8) of Companies Act, 1956

The Company has made requisite application under Section 212(8) of the Companies Act, 1956 to the Central Government for exemption from attaching and including the annual accounts of Dhanus Technologies Inc., (its wholly owned subsidiary in the US) and Mpingi Inc., (wholly owned subsidiary of Dhanus Technologies Inc, in the US) in its consolidated Balance Sheet. The approval is yet to be received.

II. EXTERNAL TO THE COMPANY

1. Dependence on India could reduce for outsourcing and services as it may shift to countries that provide similar services at costs lower to that in India.

Management Perception

The Company understands that countries like China, Philippines, Eastern Europe, Brazil, Russia etc., are fast growing and emerging economies. This could reduce the dependence of vendors on Indian Companies. Given the increasing wage costs in India, the ability to

compete effectively will become increasingly dependent on the country's reputation, the quality of services and expertise in specific industries. The Company believes that India continues to remain a major pool of skilled, English speaking low-cost destination, and with the Government fully backing up the Information Technology and Information Technology enabled Services sector's growth, there is no immediate threat to the country losing out business to the other countries as India can continue to make itself cost-competitive. Even in an adverse situation, the Company can always set up centres in other countries and remain competitive.

- 2. The market for Calling cards is competitive particularly from players who are service-providers and have an infrastructure backbone.**

Management Perception

A service-provider of Calling cards emphasizes on increasing the overall value proposition to the customer. The Company's Calling card market is a 'push' market rather than a 'pull' market product. This makes the market flatter to smaller players. Local infrastructure does not play a significant role as origination of the calls can be ensured only by arrangements with foreign telecom operators where both have a level playing field.

- 3. Barriers to entry in the International Calling Card, BPO and FleeTrac business segments are minimal.**

Competition would be difficult to keep at bay. Improvements in service delivery have to be a continuing process and so would add-on services to increase the overall value proposition for the customer.

- 4. The Company's business could be impacted by a number of factors such as fluctuations/changes in Clients' budgets; change in pricing policies of its competitors; changes in laws or regulations governing outsourcing in various countries, and more particularly in the United States; currency exchange rate fluctuations, particularly of the Indian Rupee against the US Dollar; general economic and political conditions.**
- 5. The Company is subject to various Indian taxes/duties and avails certain tax benefits offered by the Government of India and the state of Tamil Nadu. The Company's profitability would be impacted due to adverse changes in tax policies of the Government.**

Taxes and other levies imposed by the Government of India and/or the State of Tamil Nadu that may affect the BPO industry include: customs duties; excise duty; central and state sales tax and other levies; income tax; value added tax; entry tax imposed by various municipalities throughout India; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time. For more details on the tax benefits, please refer to the section entitled "Statement of Tax Benefits" beginning at page no. 83 in this Red Herring Prospectus.

Currently, the Company benefits from certain tax incentives under Section 10A of the Income Tax Act for the IT services that it provides from specially designated "Software Technology Parks," or STPs. As a result of these incentives, the Company's operations in India have been subject to relatively low tax liabilities. When the tax incentives expire or terminate, the tax expense will materially increase, reducing the Company's profitability. Further, the Government of India could enact laws in the future that may adversely impact the tax incentives and consequently, the tax liabilities and profits.

- 6. Political opposition to offshore outsourcing in the United States, United Kingdom or Australia could adversely affect the Company's business.**

Offshore outsourcing has been the subject of intense political debate and has come under increased government scrutiny within the United States (and other countries as well) due to its perceived association with loss of jobs in the United States. Several US State Governments have recently implemented or are actively considering implementing restrictions on outsourcing by US State government entities to offshore IT services providers. The Company currently does not provide any significant back-office services to

U.S. federal or state government entities, and do not have any significant contracts with such entities.

In addition, private companies in the U.S. have been experiencing attention and pressure from their employees and customers regarding their outsourcing practices. Some companies have bowed to this social and political pressure and have modified, reduced or eliminated their use of outsourcing services as part of their public relations efforts. Any changes in the United States or other countries to public opinion, existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact the Company's business and profitability.

7. Disruption in communication infrastructure and related utilities could hamper the Company's operations.

The Company protects its proprietary software and client information data maintained in its facilities against damage that may be caused by any natural or man-made causes such as fire, earthquake, power failure, telecommunication failure, computer viruses etc. In the event of permanent damage to any of its facilities which may lead to permanent interruption, the Company would still not be impacted as it is laying out plans to store back-up data and protective measures to prevent any disruption in its business or services.

8. Valuations in industries related to information technology may be high and not sustained in the future.

The valuations in the IT & Telecom industry are presently high and may not be sustained in future and may also not be reflective of future valuations for the industry.

9. An economic downturn may negatively impair the Company's operating results.

Discretionary spending on Telecommunications, IT and IT enabled 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 Telecommunications, Information Technology and Business Process Outsourcing services. An economic downturn may adversely affect revenues, gross and operating profits.

10. Wage pressures in India especially BPO services sector may prevent the Company from sustaining its competitive advantage thereby impacting the Company's business and profitability.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for skilled professionals. As an offshore IT/Telecom and outsourcing services provider, the Company relies substantially on IT, Telecom and other professionals based in India to provide IT and outsourcing services to its clients. Since the wage costs of professionals in India are significantly lower than those for similarly skilled professionals in the United States, Europe and other markets, this model provides the Company with significant cost advantages. However, due to the growing demand for IT and other professionals in India, the Company may have to increase the levels of employee compensation in order to retain its employees and remain competitive in the employment market. Such wage increases may negatively affect its competitive advantage and consequently its business and profitability.

11. Exchange rate fluctuations.

Forex volatility could impact the Company's revenue stream denominated in foreign currency.

12. Use of foreign-based third-party service providers may raise strategic, reputation, credit, liquidity, transaction, country and compliance risk issues that require additional risk management oversight efforts on the part of the client.

Inability to fulfill client requirements may result in loss of business. Therefore, the Issuer could be required to meet stringent or exacting standards laid down by the client, which could have a resource impact.

13. Terrorist attacks and other acts of violence or war and natural disasters 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, and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and global financial markets. These acts may also result in 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 could have an adverse impact on the economies of India and other countries.

14. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt operations and cause the Company's business to suffer.

South Asia has, from time to time, experienced instances of civil unrest and hostilities amongst neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a perception that Indian companies are susceptible to a high degree of risk. This could have a materially adverse effect on the market for securities of Indian companies, including Equity Shares and the market for the Company's services.

15. 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:

- i. Volatility in the Indian and global securities market.
- ii. The results of operations and performance of the Company.
- iii. Performance of the Company's competitors, the Indian IT and Telecom industry and the perception in the market about investments in the IT sector.
- iv. Adverse media reports on Dhanus or the Industry segments in which the Company operates.
- v. Changes in the estimates of the Company's performance or recommendations by financial analysts.
- vi. Significant developments in India's economic liberalisation and deregulation policies.
- vii. 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 sustain after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Company's Equity Shares will trade in the market subsequent to this Issue.

16. There may be further issuance of shares leading to dilution of holdings. Further any sale of Equity Shares by the promoters may as a result adversely affect the market price of the Equity Shares of the Company.

Any future issuance of Equity Shares by the Company may dilute the position of investors in the Equity Shares of the Company which could adversely affect the market price of the Equity Shares. Such Equity Shares also may be issued at prices below the then-current market price.

Management Perception

Upon completion of the Issue, all Equity Shares that are outstanding prior to the Issue (including the Equity Shares allotted in the Pre-IPO Placement), amounting to 78.63% of the post-Issue paid-up Equity Share Capital would be subject to selling restrictions (lock-in) for a period of one year from the date of allotment of Equity Shares in the Issue. In addition, 20% of the post-Issue paid-up Equity Capital held by the Promoters would be subject to such selling restrictions (lock-in) for a period of three years. For further

information relating to such selling restrictions, see the section titled "Capital Structure" beginning on page no.21 of this Red Herring Prospectus.

Notes:

1. Initial Public Issue of 38,35,000 Equity Shares of Rs.10/- each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] lakhs. The face value of the Equity Share is Rs. 10/- and the Issue Price is Rs. [•] times the face value. The Issue would constitute 21.37% of the fully diluted post issue paid-up capital of the Company. The Issue comprises a reservation of up to 2,00,000 Equity shares of Rs. 10/- each for the Eligible Employees of the Company and, a Net Issue of 36,35,000 Equity Shares of Rs. 10/- each. The Net Issue would constitute 20.26% of the fully diluted post issue paid-up capital of the Company. The Company has made Pre-IPO Placements of 3,65,000 Equity Shares with the Pre IPO Investors.
2. In terms of Rule 19 (2)(b) of the SCRR, this being an Issue for less than 25% of the post– Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, upto 2,00,000 shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.
3. The Book Value per Equity Share of Rs. 10/- each was Rs. 62.59 as at June 30, 2007 as per the restated stand-alone financial statements and; Rs. 60.79 as at June 30, 2007 as per as per restated consolidated statements.
4. The Net Worth of the Company was Rs. 8601.82 lakhs as at June 30, 2007 as per the restated stand-alone financial statements; and Rs. 8354.30 lakhs as at June 30, 2007 as per restated consolidated statements.
5. The average cost of acquisition of Equity Shares by the Promoters is as follows:

Sl. No.	Name	Average Cost of Acquisition (Rs.) per Equity Share
1	Mr. A.D. Sudhindra	15.31
2.	Mr. V. Narayanaswamy	17.33
3.	Capt. D.S. Srinivasan	19.67

6. The aggregate of related party transactions for the past three years were as follows:

Sl. No.	Financial Year	Value of Transactions (Rs. in lakhs)
1.	2006-2007	908.85
2.	2005-2006	317.40
3.	2004-2005	9.00

For details on related party transactions, please refer to the section titled 'Related Party Transactions' at page no. 190-191 of this RHP.

7. The statutory auditors to the Company are not related to the promoters, directors or any of their relatives.
8. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non Institutional Bidders, Retail Bidders and Bidders in the Employee Reservation Portion categories shall be on a proportionate basis in accordance with the

SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange). For more information, please refer to the section titled 'Basis of Allotment' on page no. 317 of this RHP.

9. Investors may note that allotment and trading in Equity Shares of the Company for all the investors shall be in dematerialised form only.
10. Investors are free to contact the BRLM for any clarification or information relating to the issue, who will be obliged to provide the same to the investor at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM or the Compliance Officer for any complaints/clarifications/information pertaining to the issue.
11. Investors are advised to refer to the section titled 'Basis for Issue Price' at page no. 79 of this Red Herring Prospectus before making any investment in this issue.
12. In addition to the BRLM, the Company is obliged to update the Red Herring Prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this Red Herring Prospectus.
13. None of the Promoters, Promoter Group Companies have undertaken transactions in the shares of the Company in the last six months preceding the date on which the Red Herring Prospectus is filed with the Registrar of Companies.
14. The Company issued the following Equity Shares before the date of the filing of the Red Herring Prospectus to Pre-IPO Investors:

Sl. No.	Pre-IPO investors	Number of Equity Shares	Price per Equity Share (Rs.)	Date of Allotment of Equity Shares
1	Jain Bipin Kanji	15,000	340	08.08.2007
2	Jain Rasesh Bipin	15,000	340	08.08.2007
3	Madhav Prasad Agarwal HUF	35,000	340	08.08.2007
4	Pannadevi Agarwal	10,000	340	08.08.2007
5	Ramesh Ootam	15,000	340	08.08.2007
6	Agrawal Amit G	35,000	340	08.08.2007
7	India Emerging Opportunities Fund Ltd.	2,15,000	275	08.08.2007
8	Concept Communication Limited	25,000	300	08.08.2007

15. The Promoters/ Directors/ Key Managerial Personnel are interested to the extent of the normal remuneration, reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in the Company.

SECTION III

INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that one should consider before investing in the Equity Shares of the Company. You should read the following summary together with the Risk Factors beginning on page no. ix of this Red Herring Prospectus and the more detailed information about Dhanus and its financial statements beginning on page no. 171 of this Red Herring Prospectus before deciding to invest in the Equity Shares offered by the Company.

INDUSTRY OVERVIEW

TELECARDS: GLOBAL CALLING CARDS

Global Calling Cards are cards, which allow the user to make long distance and international calls using any phone. The customer's balance is reduced after the call is complete. In most cases the customer would not incur any local call charges. Prepaid Cards means that the end customer purchases the cards by paying for them in full and the minutes on the cards are decremented upon usage.

IP phones

It is a class of products that allows users to speak over an IP network, such as the Internet or an intranet. Its benefit is its extremely low cost. All calls are free; all the user pays for is the IP phone software. Internet Phone, Web Phone, and Televox are examples. IP telephony (Internet Protocol telephony) is a general term for the technologies that use the Internet Protocol's packet-switched connections to exchange voice, fax, and other forms of information that have traditionally been carried over the dedicated circuit-switched connections of the public switched telephone network (PSTN). Using the Internet, calls travel as packets of data on shared lines, avoiding the tolls of the PSTN. The challenge in IP telephony is to deliver the voice, fax, or video packets in a dependable flow to the user. Much of IP telephony focuses on that challenge. IP telephony is an important part of the convergence of computers, telephones, and television into a single integrated information environment.

While internationally capable cell phones make calling home from abroad convenient, they're not always the most economical choice. For travellers looking for inexpensive alternatives, there are several options: new internet-based voice services, call-back services and one of the most low-tech and low-cost options: prepaid calling cards.

ITeS/BPO

Information Technology is becoming a harbinger of change across various walks of life. Corporations, Governments, and individuals are adapting to the various technological products and services in order to derive more value from the existing systems and solutions. Ever-changing and exacting customer demands, globalization, rapidly changing economic and business scenarios, along with the proliferation of Internet technologies and the steep 'S-curve' of technological innovation are responsible for fuelling the corporations' needs for technological solutions towards their business needs.

Today the demand for such IT consulting, services and products can be mapped on a continuum varying from IT Infrastructure / Application outsourcing to customized techno-business solutions. Again, these solutions will be on an array of technological platforms such as Microsoft, Oracle, Linux, Legacy (AS/400) systems, J2EE etc. This complexity of requirements versus technological platforms makes it all the more important for technology firms to have horizontal expertise across technologies as well as vertical expertise in terms of business and process understanding. Thus, Information Technology and Information Technology enabled Service (IT-ITES) industry is showing an excellent growth trajectory.

The global economy seems to be on a steady recovery path. The worldwide enterprises understanding the importance of Information Technology in their business and accordingly increasing the budgets towards IT spending will positively affect the future of the IT-ITES industry.

With the maturing of global delivery practices, emerging locations will emerge to tap the potential and grow, and India shall remain one of the leading destinations owing to its strong reputation as a quality and technologically superior solutions provider. Indian companies now figure amongst the best IT companies and service providers and there is still headroom for growth in the global IT arena. Again, the integration of the Indian economy with the global markets has forced organizations in India to improve their profitability by leveraging technology solutions. The Indian domestic market is thus being targeted by the Indian as well as MNC IT service providers and this would lead to the maturing of these markets and increased IT adoption.

TELEMATICS -FLEET TRACKING SYSTEM

Fleet/Vehicle Tracking Service is a service using vehicle/asset located hardware units with GPS and GPRS/CDMA modems connected to fleet track servers to provide vocational, supported hardware interfaced data and voice and text communication between a client asset and the client by way of suitable web interfaces and voice interfaces.

Fleet tracking is basically an application of vehicle telemetry to monitor the locations of a number of vehicles such as lorries, vans or cars in order to optimise and coordinate their activities. The fleet management comes under the navigation system market, which is still in its infancy stage.

Vehicle Tracking Systems are electronic devices installed in vehicles to enable vehicle owners or third parties to track the location of a vehicle. Most modern vehicle tracking systems now use GPS modules to allow for easy and accurate location of the vehicle. Many systems also combine a communications component such as cellular or satellite transmitters to communicate the vehicle's location to a remote user. Vehicle information can be viewed on electronic maps via the Internet or specialized software.

Current vehicle tracking systems have their roots in the shipping industry. Corporations with large fleets of vehicles required some sort of system to determine where each vehicle was at any given time. Vehicle tracking systems can now also be found in consumers' vehicles as a theft prevention and retrieval device. Police can simply follow the signal emitted by the tracking system and locate the stolen vehicle.

Most vehicle tracking systems are now using GPS modules to allow for easy location of the vehicle, and many do not require the GPS antenna to be in direct line of sight with the sky.

Some Vehicle Tracking Systems integrate several security systems, for example by sending an automatic alert to a phone or email if an alarm is triggered or the vehicle is moved without authorization.

Several types of Vehicle Tracking devices exist. Typically they are classified as Passive and Active. Passive devices simply store GPS location, speed, heading and perhaps key on/off, door open/closed. Once the vehicle returns to a pre-determined point, the device is removed and the data downloaded to a computer for evaluation. Active devices also collect the same information but usually transmit the data in real-time via cellular or satellite networks to a computer or data center for evaluation. Some taxi services use vehicle tracking system for better serving their customer. By using Vehicle tracking system, their operator can see all the empty taxi, so they can choose the closer one to pickup the order from their customer.

For Further details, please refer to the section on 'Industry Overview' beginning from page no. 93 of the RHP.

BUSINESS OVERVIEW

The Company currently operates in the following lines of business:

- Telecards - V-Tel™ Global Calling Cards
- Teleservices/ITES/BPO and Software services
- Telematics – FleeTrac™ Vehicle Tracking Services

i. Telecards: V-Tel™ Global Calling Cards

V-Tel™ Calling cards are global calling cards, which allow the user to make long distance and international calls using any phone. The customer's balance is reduced after the call is complete. In most cases the customer would not incur any local call charges. Dhanus has been offering Global Prepaid Calling Cards in various markets in India and abroad. Prepaid Cards means that the end-customer purchases the cards by paying for them in full and the minutes on the cards are decremented upon usage. Dhanus buys the PINs and minutes from various foreign companies representing telecom carriers who offer the basic service in various countries of the world. The minutes and PINs have to be purchased in bulk normally by paying for them on delivery. The service is offered through Dhanus' arrangements with international telecom service providers who provide debit card platforms in New York, USA.

Dhanus has a suite of customized and useful prepaid phone cards issued and sold in India, United States, United Kingdom and Singapore. The Indian pre-paid phone card - V-Tel is issued for Indians travelling abroad and comes loaded with features that are not available on locally sold phone cards. The prepaid cards allow toll free, local access, SMS call back access methods depending on the local laws. Dhanus' prepaid cards run on debit card switches in New York, allowing customers to derive highest voice quality. All prepaid cards of Dhanus are 'straight' cards with no hidden charges.

ii. TELESERVICES/ITES/BPO and Software services

Dhanus BPO offers telemarketing, lead generation and lead qualification services to a host of customers in Bangalore, New Delhi, Singapore, USA, UK and Australia. The BPO business along with the assets and liabilities, and sales customers of Enhanced Customer Care Private Limited, Chennai were taken over in the year 2005. Since acquisition, Dhanus has streamlined the marketing functions of the operations, established better telecommunications services and improved availability of communications and data link services by re-locating the BPO's US telecommunication-end to a high availability co-location centre run by Tyco, a unit of VSNL at Santa Clara, California, USA. The Company has increased the capacity two-fold and expects to scale up its operations to 500 seats by December, 2007.

Dhanus specializes in all forms of call center outsourcing services. It includes Outbound, Inbound and Back office support call center Services.

Dhanus specializes in developing software in the following areas:

- IP Telephony
- IVR applications
- Custom CRM Applications
- Web Based Business Process Applications.

The Company has developed Custom software applications for Lead Tracking and IVR Based Lead Capture & Management.

iii. Telematics: FleeTrac™ Services

FleeTrac™ - *Vehicle Tracking Service*, is a service provided by Dhanus using vehicle/asset located hardware units with GPS and GPRS/CDMA modems connected to FleeTrac™ servers to provide locational, supported hardware interfaced data and voice and text communication between a client asset and the client by way of suitable web interfaces and voice interfaces.

The Company proposes to offer automatic vehicle tracking and two-way communication service all over India. The service would be accessible through a web interface available in all Indian languages as well as in English. Mobile access is also envisaged. A countrywide network of kiosks would make the information available to small fleet owners who may not have access to

computers. The service costs would be less than a mobile phone and would deliver immense value. Marketing would be done through various Regional Offices proposed to be throughout the country, both directly and, with franchisees doing direct sales and installation.

FleeTrac™ services would have applications in the Trucking industry, Call Centre, Transport, Field Force Automation, Milk Distribution, Logistics Management, Courier Services, Fleet Management, Police services, Security services, Defence forces, Asset Protection and Fraud Prevention.

The following table presents the break-up of the revenue from various business segments and the percentage contribution of the Company's product and service offerings to its total revenues for the periods indicated:

(Rs. in lakhs)

Services	Break-up of Total Revenue									
	For the year ended 30 th June,									
	2003		2004		2005		2006		2007	
	Income	%age	Income	%age	Income	%age	Income	%age	Income	%age
Software Products & Services	-	-	-	-	477.14	25.20%	854.41	23.78%	3152.63	34.88%
Telecard Services	31.73	100%	142.42	100%	1415.97	74.80%	2313.86	64.39%	5031.62	55.68%
BPO Services	-	-	-	-	-	-	425.29	11.83%	841.63	9.31%
FleeTrac Sales	-	-	-	-	-	-	-	-	11.84	0.13%
Total	31.73	100%	142.42	100%	1893.11	100%	3593.56	100%	9037.72	100%

For Further details, see the section on 'Business Overview' beginning from page no. 106 of the RHP.

COMPETITIVE STRENGTHS

The Company believes that the following are its principal competitive strengths which differentiate it from other companies in similar lines of business:

- **Dhanus has received Registration for setting up a Vehicle Tracking System using Vehicle Mounted Unit (VMU) with an in-built equipped with a SIM Card with GPRS capability to work on GPS (Global positioning satellites) from the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India.**
- **The Company has an experienced management team with a strong focus on customer service and satisfaction**

Customer service management has always been the core competency of the Company. The Company has a strong focus on customer service and attempts to provide customer satisfaction through its services. Today, a substantial portion of the business of the Company is through repeat customer business and referrals. The potential customers would value the effective advice, efficient service, fast turn-around-times, timely responsiveness, quality consistency and integrity that the service offers.

- **The Company proposes to leverage its customer base and healthy relationship with its clients**

The business model of the Company is based on a direct service approach to its customers. The Company proposes to provide timely service to its clients ensuring the same level of quality consistently. Again, with existing three independent profitable business units, the Company has a derisked business model. At the same time the divisions complement each other in the overall growth of the Company.

- **The Company has stable manpower with healthy employee satisfaction levels, as its attrition rates during the period from April 2006 to March 2007 has reduced from 14% to 11%**

With a flat organizational structure, appraisal-based remuneration package, multi-cultural workforce, a right mix of technological and business knowledge, customer-focused work orientation and a dynamic and challenging work environment; the Company would be able to keep up the employee satisfaction and motivation levels.

- **Strength in calling cards and other products and solutions**

The Company has a proven track record in the information technology industry for the last thirteen years. It has sold over 8.62 lakh V-Tel Global calling cards since its launch in 2004. The expertise of the Company vis-a-vis technology gives the Company what it believes is a technologically competitive advantage over many of its competitors in the telecalling industry.

- **Focus on Research & Development**

The Company has over the years invested significantly in development of its products/services, in order to create new telecom products and solutions and continue to refine the existing ones. The Company believes that the experience and knowledge-base that it has developed over the years keeps it at or near the forefront of developments in the various domains in which it operates and continues to help it create new applications. The focus continues to provide the Company with what it thinks is a competitive edge, as well as protection from obsolescence.

- Customized technology solutions
- The Company is promoted by technocrats having vast experience in software and supported by team of competent technical staff
- The Company is an ISO 9001:2000 Company
- The Company has an unique business model
- The Company has a strong focus on growth and profitability
- The Company is a niche-sector player

Business Strategy

The goal of the Company is to be a premier company in the Telecom & ITES space and, build a brand that will attract the top talent available and enable the Company to deliver the most compelling value proposition to its customers and stakeholders. A significant portion of the Company's growth stems from the expansion of existing client relationships. These relationships and the resulting opportunities continue to grow in scale, complexity and profit potential. Additionally, the Company believes that tremendous growth opportunities exist within each of its business lines and the domain expertise it has obtained will enable the Company to compete effectively for this business.

To successfully execute its strategy and achieve its goals, the management believes in continuing to be proactive by concentrating on the following factors:

- Business process improvements.
- Leverage its Indian operations.
- Strengthening its financial position.
- Maintain domain focus and expertise management.
- Have an inorganic growth path as well by pursuing acquisitions.
- Continue to foster talent development and retention.

ii. THE ISSUE

Equity Shares offered	
Fresh Issue	38,35,000 Equity Shares of Rs.10/- each
Comprising:	
Employee Reservation Portion	Up to 2,00,000 Equity Shares of Rs. 10/- each
Net Issue	36,35,000 Equity Shares of Rs. 10/- each
<i>Of which:</i>	
Qualified Institutional Buyers portion of which	At least 21,81,000 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Available for allocation to Mutual Funds	1,09,050 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Balance for all QIBs including Mutual Funds	20,71,950 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Non – institutional Portion	Not less than 3,63,500 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Retail Portion	Not less than 10,90,500 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	1,41,07,597 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue	1,79,42,597 Equity Shares of Rs. 10/- each
Objects of the Issue	Please refer to the Objects of the issue beginning on page no. 34 of this Red Herring Prospectus.

- Fresh Issue of Equity shares was authorized earlier by the Board of Directors of the Company at their meeting held on 25th September, 2006 and a special resolution passed at the Annual General Meeting of the Company held on 29th December, 2006. The issue of equity shares was further authorised by the Board in their meeting held on July 20, 2007 and by a special resolution by the shareholders in the Annual General Meeting held on August 27, 2007.
- Eligible Employees of the Company during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date shall be entitled to apply in the Reserved for Employees category.
- Under subscription, if any, in any category except the QIB category would be met with spill-over from other categories at the sole discretion of the Company in consultation with the BRLM. If a minimum allotment of 60% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.
- Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the Net Issue and will be considered for allotment only on a proportionate basis.
- ♦ Under-subscription, if any, in any category in the Net Issue except the QIB category, would be allowed to be met with spill-over from the reserved category.

iii. SUMMARY OF FINANCIAL DATA

The following tables which set forth the summary of financial and operating information of Dhanus on standalone basis should be read in conjunction with the restated consolidated financial statements, the notes thereto, Significant Accounting Policies included in the "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning from page nos. 171 and 248 in the Red Herring Prospectus.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial years ended on 30th June 2003, 2004, 2005, 2006 and 2007 are set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are, in the opinion of the statutory auditors, appropriate.

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Fixed Assets					
Gross Block	9.68	224.53	491.54	1,279.59	3,704.69
Less : Accumulated Depreciation	7.35	16.47	132.22	328.36	772.86
Net Block	2.33	208.06	359.32	951.23	2,931.83
Less : Revaluation Reserve	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	2.33	208.06	359.32	951.23	2,931.83
Total Fixed Assets (A)	2.33	208.06	359.32	951.23	2,931.83
Investments (B)	-	-	-	281.35	593.76
Current Assets, Loans & advances					
Inventories (including WIP)	-	36.03	326.43	1,327.96	2,759.25
Sundry Debtors	6.36	31.70	237.01	621.47	1,784.36
Cash and Bank Balances	2.94	5.37	5.93	22.27	1,638.89
Loans and Advances	8.36	20.72	58.73	490.56	916.26
Total of Current Assets, Loans & advances (C)	17.66	93.82	628.10	2,462.26	7,098.76
Total Assets (A+B+C) = D	19.99	301.88	987.42	3,694.84	10,624.35
Less : Liabilities & Provisions :					
Secured Loans	-	13.45	15.38	164.12	591.83
Unsecured Loans	-	-	31.45	5.15	-
Current Liabilities & Provisions	0.50	9.79	220.80	482.70	1,397.35
Deferred Tax Liability	-	4.11	6.97	14.73	33.35
Total Liabilities (E)	0.50	27.35	274.60	666.70	2,022.53
Net Worth (D-E)	19.49	274.53	712.82	3,028.14	8,601.82
Represented By					
Equity Share Capital (I)	22.56	259.85	272.85	904.16	1,374.26
Reserve & Surplus	20.87	31.24	467.54	2,247.65	7,707.69
Less : Revaluation Reserve	-	-	-	-	-
Net Reserve & Surplus (II)	20.87	31.24	467.54	2,247.65	7,707.69
Misc. Expenditure (III)	23.94	16.56	27.57	123.67	480.13
Net Worth (I+II-III)	19.49	274.53	712.82	3,028.14	8,601.82

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

The Profit and Loss account for each of the five financial years ended on 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustment and re-grouping as are, in the opinion of the statutory auditors, appropriate.

(Rs. in lakhs)

PARTICULARS	For the Year Ended				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Income					
Income from Sales of Products/ Services					
- Software Products & Services	-	-	477.14	854.41	3,152.63
- Telecard Service	31.73	142.42	1,415.97	2,313.86	5,031.62
- BPO Services	-	-	-	425.29	841.63
- FleeTrac Sales	-	-	-	-	11.84
Other Income (Interest)	-	-	-	-	8.85
TOTAL INCOME (A)	31.73	142.42	1,893.11	3,593.56	9,046.57
Expenditure					
Software Development & Maintenance	-	26.75	93.81	141.54	928.57
Expenses for Telecard Service	15.56	26.62	884.88	1319.54	3001.86
Internet Charges	0.34	15.78	22.36	30.95	64.05
Research & Development Expenses	-	-	65.30	87.49	563.42
Staff Cost	3.86	18.05	90.40	164.52	446.31
Outsourcing Cost	-	-	23.03	65.43	183.42
Administrative & Other Expenses	6.47	30.47	110.23	146.46	444.10
Interest and Financial Charges	-	1.14	2.33	14.95	20.66
Depreciation	0.96	9.12	115.75	196.13	444.50
Miscellaneous Expenses Written off	0.01	0.01	0.01	0.01	-
TOTAL EXPENDITURE (B)	27.20	127.94	1,408.10	2,167.02	6,096.89
Net Profit Before Tax & Extra Ordinary Items (A-B)	4.53	14.48	485.01	1,426.54	2,949.68
Provision for Income Tax	-	-	15.00	109.00	470.00
Deferred Tax (Asset)/Liability	-	3.27	2.86	7.75	18.63
Fringe Benefit Tax paid	-	-	-	0.48	1.83
Net Profit Before Extra Ordinary Items	4.53	11.21	467.15	1,309.31	2,459.22
Deferred Tax (Asset)/Liability	-	0.84	-	-	-
Net profit After Tax and Extra Ordinary Items	4.53	10.37	467.15	1,309.31	2,459.22
Balance of Profit Brought Forward	16.34	20.87	31.24	437.54	1,624.90
Dividend	-	-	27.28	90.42	206.14
Corporate Dividend Tax	-	-	3.57	11.53	35.03
Transfer to General Reserve	-	-	30.00	20.00	100.00
Balance Carried to Balance Sheet	20.87	31.24	437.54	1,624.90	3742.95

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED
(Rs. in lakhs)

PARTICULARS	As At	
	30-Jun-06	30-Jun-07
Fixed Assets		
Gross Block	1,279.59	4,088.50
Less : Accumulated Depreciation	328.36	779.41
Net Block	951.23	3,309.09
Less : Revaluation Reserve	-	-
Net Block after adjustment for Revaluation Reserve	951.23	3,309.09
Capital Work in progress	146.75	139.44
Total Fixed Assets (A)	1097.98	3,448.53
Investments (B)	-	-
Current Assets, Loans & advances		
Inventories (including WIP)	1,327.95	2,791.39
Sundry Debtors	621.47	1,835.62
Cash and Bank Balances	24.78	1,652.81
Loans and Advances	618.98	976.88
Other Current Assets	-	-
Total of Current Assets, Loans & advances (C)	2,593.18	7,256.70
Total Assets (A+B+C) = D	3,691.16	10,705.23
Less : Liabilities and Provisions :		
Secured Loans	164.12	691.66
Unsecured Loans	5.14	4.42
Current Liabilities & Provisions	482.71	1,705.41
Deferred Tax Liability	14.72	(50.57)
Total Liabilities (E)	666.69	2,350.92
Net Worth (D-E)	3,024.47	8,354.31
Represented By		
Equity Share Capital (I)	904.16	1,374.26
Reserve & Surplus	2,247.65	7,465.23
Less : Revaluation Reserve	-	-
Net Reserve & Surplus (II)	2,247.65	7,465.23
Misc. Expenditure (III)	127.34	485.18
Net Worth (I+II-III)	3,024.47	8,354.31

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS AS RESTATED

PARTICULARS	(Rs. in lakhs)	
	30-Jun-06	30-Jun-07
Income		
Income from Sales of Products/ Services		
- Software Products & Services	854.41	3,152.63
- Telecard Service	2,313.86	5,031.62
- BPO Services	425.29	841.63
- Communication Services	-	72.60
- FleeTrac Sales	-	11.84
- Medicare Sales and Services	-	102.75
- Interest Income	-	8.85
- Increase/(Decrease) in stock	-	32.15
TOTAL INCOME (A)	3,593.56	9,254.07
Expenditure		
Software Development & Maintenance	141.54	928.57
Expenses for Telecard Service	1,319.54	3,001.87
Internet Charges	30.95	64.05
Research & Development Expenses	87.49	563.42
Staff Cost	164.52	494.38
Outsourcing Costs	65.43	348.80
Colo and Minutes	-	32.31
Medicare Purchases	-	94.13
Administrative & Other Expenses	146.46	616.35
Interest and Financial Charges	14.95	27.58
Depreciation	196.13	451.05
Miscellaneous Exp. Written off	0.01	1.26
TOTAL EXPENDITURE (B)	2,167.02	6,623.77
Net Profit Before Tax & Extra Ordinary Items (A-B)	1,426.54	2,630.30
Provision for Income Tax	109.00	477.00
Deferred Tax (Asset)/Liability	7.75	(65.29)
Fringe Benefit Tax paid	0.48	1.84
Net Profit Before Extra Ordinary Items	1,309.31	2216.75
Extra Ordinary Items	-	-
Deferred Tax (Asset)/Liability	-	-
Net profit After Tax and Extra Ordinary Items	1,309.31	2216.75
Balance of Profit Brought Forward	437.53	1,624.90
Dividend	90.42	206.14
Corporate Dividend Tax	11.52	35.03
Transfer to General Reserve	20.00	100.00
Balance Carried to Balance Sheet	1,624.90	3,500.48

iv. GENERAL INFORMATION

DHANUS TECHNOLOGIES LIMITED

Incorporation

The Company was originally incorporated on April 2, 1993 as Wantech Communications Private Limited with the Registrar of Companies, Tamil Nadu, Chennai. The name of the Company was changed to Dhanus E-Com Private Limited and a fresh certificate of incorporation obtained on August 7, 2000 from the Registrar of Companies, Tamil Nadu, Chennai. Subsequently, the Company was converted into a public limited company on September 18, 2000 under section Section 44 of the Companies Act, 1956 and the name was changed to Dhanus E-Com Limited. The name of the Company was further changed to its present name Dhanus Technologies Limited on June 25, 2004.

Registered Office

6-B, Mena Kampala Arcade
113/114, Sir Theygaraya Road
T. Nagar
Chennai – 600 017
India
Tel.: +91 44 28151135 / 28151635 / 39180735
Fax: +91 44 3918 0789
Email: ipo@dhanus.net
Website: www.dhanus.net

The registered office of the Company has been identified as a STPI unit.

The Registered Office of the Company was initially at 33, I Main Road, Karpagam Gardens, Adyar, Madras – 600 020. The Registered Office was shifted to 3, 3rd Cross Street, Karpagam Gardens, Adyar, Madras – 600 020 with effect from December 27, 1996. The Registered Office was shifted to 6, 5th Street, Padmanabha Nagar, 1st Floor, Adyar, Chennai – 600 020 with effect from July 12, 2000. The Registered Office was shifted to 15/3, Kalpana Castle, Lakshmi Colony, New Crescent Road, T. Nagar, Chennai – 600 017 with effect from December 12, 2003. The Office was further shifted to 6-B, Mena Kampala Arcade, 113/114, Theyagaraya Road, T. Nagar, Chennai – 600 017 with effect from May 17, 2004.

Corporate Office

Suite 4-A, 4th Floor, 'A' Block
Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T. Nagar
Chennai – 600 017
India
Email: ipo@dhanus.net
Website: www.dhanus.net

Branch Offices

- i. STPI UNIT
4B Mena Kampala Arcade,
113-114, Sir Theyagaraya Road
T. Nagar
Chennai - 600 017
Tel.: +91 44 3918 0725/3918 0726
- ii. N 14/4 DLF Phase II, Ground Floor
Gurgaon, Haryana - 122002
Tel.: +91 0124-4059393
Fax: +91 0124-4059394

Company Identification No.: U72300TN1993PLCO24748

Address of Registrar of Companies:

Registrar of Companies, Tamil Nadu, Chennai
 The Registrar of Companies
 Block No. 6, B Wing, 2nd Floor
 Shastri Bhavan
 26, Haddows Road
 Chennai - 600 034

BOARD OF DIRECTORS

Name of the Director	Designation	Status
Mr. A.D. Sudhindra	Executive Chairman	Executive Director
Mr. V. Narayanaswamy	Managing Director	Executive Director
Capt. D. S. Srinivasan	Joint Managing Director	Executive Director
Mr. S. Muthukrishnan	Director (Marketing)	Executive Director
Mr. S. Manoharan	Director	Non Executive & Independent Director
Mr. G. Rathan Kumar	Director	Non Executive & Independent Director
Mr. Parag Keshar Bhattacharjee	Director	Non-Executive & Independent Director
Mr. R. Venkatraman	Director	Non Executive Director
Mr. R. Radhakrishna	Director	Non-Executive & Independent Director
Mr. T. S. Srinivasan	Director	Non-Executive & Independent Director

Brief Profile of Chairman, Managing Directors and Whole Time Director:
Mr. A.D. Sudhindra, Executive Chairman

Mr. A.D. Sudhindra, aged 53 years, is the Executive Chairman of the Company. He has about thirty three years of experience in the IT and Telecom services industry. Mr. Sudhindra graduated in B.E. (Electrical Engineering) from University of Mysore in 1974. A software engineer by profession, he has held senior management positions in various companies. He has worked as Systems Engineering Manager with HCL Ltd., and has lead teams in TCP/IP, ORACLE, Sybase development and had developed ORACLE Corporate training modules. He had worked as Director (Technical) with ICNET Ltd., which was one of the first e-mail providers in India. At ICNET, he was instrumental in designing, developing and implementing the entire network and set up the Company's US subsidiaries and their operations. He was also the President and CEO of SWIFT Mail Communications Ltd. where he implemented and improved telex over IP services. Mr. Sudhindra was appointed as Managing Director on April 2, 1993 for a period of 3 years upto April 1, 1996. He was appointed as the Executive Chairman of the Company for a period of five years w.e.f 1.10.2005. He handles the technology aspects of the telecalling, telematics and ITES functions of the Company and is responsible for all Systems and Processes at the Company. He is responsible for product strategy and technical direction of the Company's products and manages the Company's research and development teams. Mr. Sudhindra was instrumental in setting up the US subsidiaries and developing business in the US. He developed and launched Mpingi broadband phone services in the US. Mr. Sudhindra is Director on the Board of both Dhanus Technologies Inc., and Mpingi Inc, in the US. He is a member of the IPO committee of the Board.

Mr. V. Narayanaswamy, Managing Director

Mr. V. Narayanaswamy, aged 47 years, is the Managing Director of the Company. He is a Masters in Commerce from University of Madras, and has completed his intermediate from the Institute of Company Secretaries of India. He has worked as Finance & Accounts Manager with McDowell's Ltd., where he handled the company's secretarial, branch and Company accounts and finance. He was the Finance & Accounts Manager with HCL Ltd. He later worked as Consultant to large industrial houses in the areas of corporate, finance and personnel matters. Mr. Narayanaswamy was appointed as Managing Director on May 15, 2002 for a period of 5 years upto May 14, 2007. He was re-appointed as Managing Director w.e.f 15.5.2007 for a period of three years till May 14, 2010. He is responsible for the finance and corporate services functions of the Company. He has over twenty three years of experience in the areas of finance, corporate laws, and business and heads the overall operations in India. He is specifically responsible for all the accounts, finance, corporate governance and statutory compliances related aspects. His strategy-planning along with knowledge of the core businesses of Dhanus has contributed to the Company's continued growth and expansion. He is a member of the Shareholder's Grievance committee and IPO committee of the Board.

Capt. D. S. Srinivasan, *Joint Managing Director*

Captain D.S. Srinivasan, aged 44 years, is the Joint Managing Director of the Company. He is a graduate of T.S. Rajendra, and a Master Mariner FG. He is also a qualified Quality Management Systems Auditor. He started his career as Ship's Master with Great Eastern Shipping Company Ltd., where he commanded various tankers including the company's flagship VLCC and then moved as Marine Co-ordinator with Dynacom Tankers Ltd., Athens, Greece where he was involved with strategic planning and fleet expansion program. He was later the Director of Sirius Shipping Co. Ltd., Chennai where his forte was project planning, sale and purchase of vessels and execution of Charter party and agreements. He has extensive experience in general and corporate

Shenoy Nagar
Chennai – 600 030
Tel.: +91-44-26212287
Fax: +91-44-42183313
E-mail: info@deltaalegal.com

BANKERS TO THE COMPANY

UCO Bank

Mount Road Branch
212, Mount Road
Chennai – 600 006
Tel.: +91-44-28297933
Fax: +91-44-28297934
E-mail: ucomrche@vsnl.net

Bank of India

T. Nagar Branch
104, Sir Theagaroya Road
Pondy Bazar
T. Nagar
Chennai – 600 017
Tel.: +91-44-28150774 / 28150249
Fax: +91-44-28155653
E-mail: Boi8004@eth.net

ICICI Bank Limited

7, Bazhullah Road
T. Nagar
Chennai – 600 017
Tel.: +91-44-42606510-6516
Fax: +91-44-28156784
E-mail: raghunath.k@icicibank.com

Axis Bank Limited

Purasawalkam Branch
No. 57, Purasawalkam High Road
Purasawalkam
Chennai – 600 007
Tel.: +91-44-26613065
Fax: +91-44-26613225
E-mail: purasawalkam.branchhead@utibank.co.in

BOOK RUNNING LEAD MANAGER



SREI Capital Markets Limited

'Vishwakarma',
86 C, Topsia Road (South),
Kolkata – 700046
Tel.: +91-33-39873845
Fax: +91-33-39873861/39873863
SEBI Registration No.: INM000003762
Contact Person: Mr. Manoj Agarwal
Email: capital@srei.com
Investor Grievance E-mail: scmlinvestors@srei.com
Website: www.srei.com

REGISTRAR TO THE ISSUE



Cameo Corporate Services Limited

"Subramanian Buildings",
No. 1, Club House Road,
Chennai 600002
Tel.: +91-44-28460390-28460394
Fax: +91-44-28460129
SEBI Registration No.: INR 000003753
Contact Person: Mr. R.D. Ramasamy
E-mail: dhanus@cameoindia.com
Website: www.cameoindia.com

SYNDICATE MEMBER

Enam Securities Private Limited

Khatau Building, 2nd Floor
44 Bank Street, Fort
Mumbai – 400001
Tel : +91-22-22677901
Fax: +91-22-22665613
Contact Person: Mr. Ajay Sheth
E-mail: ajays@enam.com
Website: www.enam.com

Reliance Securities Limited

570 Rectifier House
Naigaum Cross Road
Next to Royal Industrial Estate, Wadala (W)
Mumbai – 400031
Tel : +91-22-30479200
Fax: +91-22-30479350
Contact Person: Mr. Ravi Doshi
E-mail: ravi.doshi@relianceada.com
Website: www.relianceada.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg
Mumbai – 400 001
Tel : +91-22-22627600
Fax: +91-22-22611138
Contact Person: Mr. Sidhartha Sankar Routray
E-mail: sidhartha.routray@icicibank.com
Website: www.icicibank.com

HDFC Bank Limited

26A, Narayan Properties
Off Saki Vihar Road
Andheri (E)
Mumbai - 400 072
Tel : +91-22-28569228
Fax: +91-22-28569256
Contact Person: Mr. Viral Kothari
Email: viral.kothari@hdfcbank.com
Website: www.hdfcbank.com

Standard Chartered Bank

No. 19, Ralaji Salai
5th Floor, Chennai – 600 001
Tel : +91-44-25349249
Fax: +91-44-25340877
Contact Person: Ms. Liza Mathew Ram
E-mail: liza-mathews.ram@in.standardchartered.com
Website: www.standardchartered.com

Axis Bank Limited

57, Purasawalkam High Road
Purasawalkam
Chennai – 600 007
Tel : +91-44-26613065
Fax: +91-44-26613225
Contact Person: Mr. K Kesavan
E-mail: k.kesavan@utibank.co.in
Website: www.axisbank.com

ABN AMRO Bank

Brady House
14 Veer Nariman Road
Mumbai – 400 001
Tel : +91-22-66585858
Fax: +91-22-22042673
Contact Person: Mr. Akhouri Malay
E-mail: akhouri.malay@in.abnamro.com
Website: www.abnamro.co.in

STATUTORY AUDITORS TO THE COMPANY

M/s P.C. Acharya & Co.
Chartered Accountants
No. 24, Bhagavantham Street, 1st Floor
T. Nagar
Chennai – 600 017
Tel.: +91 44 2435 9475
E-mail: pcacharya@gmail.com

V. STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

Since SREI Capital Markets Limited is the sole Book Running Lead Manager for this Issue; all the Issue related activities are handled by SREI.

Activities	Responsibility	Co-ordination
Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	SREI	SREI
Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	SREI	SREI
Assisting the Company for the FIPB and RBI approvals	SREI	SREI
Primary co-ordination with SEBI, RoC and Stock exchanges up to bidding and co coordinating interface with lawyers for agreements	SREI	SREI
Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement	SREI	SREI
Drafting and approving all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	SREI	SREI
Appointment of Registrar, Bankers and Ad agency and other intermediaries.	SREI	SREI
Appointment of Printer.	SREI	SREI
Marketing of the Issue, which will cover, inter alia, (HNI & Retail): - Formulating marketing strategies, preparation of publicity budget - Finalizing media & public relations strategy - Finalizing centres for holding conferences for press and brokers, etc. - Finalizing collection centres - Brokers to the issue - Underwriters and underwriting arrangements - Following-up on distribution of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of the Issue material - Preparing all road show presentations	SREI	SREI
Co-ordinating institutional investor meetings and institutional allocation in consultation with the Company, finalizing the Prospectus and RoC filing.	SREI	SREI
Co-ordinating post bidding activities including management of Escrow accounts, co-ordinating Non-Institutional allocation, intimating allocation and dispatch of refunds to Bidders, etc. The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and dispatch of certificates and dematerialized delivery of Shares with the various	SREI	SREI

Activities	Responsibility	Co-ordination
agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.		

CREDIT RATING

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

IPO GRADING

The Company has not opted for the grading in relation to this issue of Equity Shares from any Credit Rating agency.

TRUSTEE

As the present issue is of Equity Shares, appointment of Trustee is not required.

MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, the Board of Directors and the Audit Committee of the Board would monitor the deployment of the Issue proceeds.

APPRAISING ENTITY

The Objects of the issue have not been appraised by any Bank or Financial Institution.

BOOK BUILDING PROCESS

Book Building refers to the process of collection of bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Manager being SREI
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM;
4. Escrow Collection Bank(s) and
5. Registrar to the Issue

In terms of Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60 % of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, up to 2,00,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

Pursuant to recent amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. **In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details see the section entitled "Issue Structure" on page no. 289 of this Red Herring Prospectus.

Dhanus will comply with the SEBI guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, Dhanus has appointed SREI Capital Markets Limited as the BRLM to the Issue, to manage the Issue and procure subscription to the Issue.

While the process of Book Building under SEBI Guidelines is not new, 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 the Issue*)

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

Number of Equity shares Bid For	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

Steps to be taken for bidding:

- Check eligibility for making a Bidding see the section titled “Who Can Bid” on page 293 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copy of your PAN card to the Bid cum Application Form. See section titled “Permanent Account Number or PAN” beginning on page 315 of this Red Herring Prospectus); and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Bid/Issue program

Bidding period/Issue period

Bid/Issue opens on : Monday, September 10, 2007

Bid/Issue closes on : Wednesday, September 12, 2007

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date. Bid will only be accepted on working days i.e., Monday through Wednesday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. 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 advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to 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 and the NSE by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

UNDERWRITERS TO THE ISSUE

After the determination of the Issue Price but prior to filing the Prospectus with the RoC, Dhanus 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 Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

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

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

Name of Underwriter(s)	Agreement Date	Amount (Rs. in lakhs)	No. of shares
[.]	[.]	[.]	[.]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [.]

In the opinion of the Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Dhanus at their meeting held on [.] on behalf of Dhanus, and Dhanus has issued letters of acceptance to the Underwriters.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount, except in case where the allocation to QIB is less than 60% of the Net Issue, in which case the entire subscription monies will be refunded.

vi. CAPITAL STRUCTURE OF THE COMPANY

Share capital as on the date of filing of the Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(In Rupees, except share data)

	Particulars	Nominal Value	Aggregate Value at Issue Price
A.	Authorized Capital		
	2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000	-
B.	Issued, Subscribed and Paid up Capital before the Issue		
	1,41,07,597 Equity Shares of Rs. 10/- each fully paid	14,10,75,970	-
C.	Present Issue through this Red Herring Prospectus		
	38,35,000 Equity Shares of Rs. 10/- each	3,83,50,000	[•]
	<i>Out of the Above:</i>		
D.	Employee Reservation Portion		
	2,00,000 Equity shares of Rs.10/- each	20,00,000	[•]
E.	Net Issue to the Public		
	36,35,000 Equity Shares of Rs. 10/- each	3,63,50,000	[•]
F.	Paid Up Share Capital After the Issue		
	1,79,42,597 Equity Shares of Rs. 10/- each	17,94,25,970	[•]
G.	Share Premium Account		
	Before the Issue	48,69,49,500	
	After the Issue		[•]

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

NOTES TO CAPITAL STRUCTURE

A. Share Capital History of the Company

Capital Build up: The existing Equity Share capital of the Company has been subscribed and allotted as under:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	No. of Equity Shares Cumulative	Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
2.4.1993	200	10	10	Cash	Subscription on signing of Memorandum of Association	200	2,000	-
28.6.1999	2,24,800	10	10	Cash	Further Allotment to Promoters	2,25,000	22,50,000	-
12.7.2000	600	10	10	Cash	Further Allotment to Promoters, Promoter Group & Others	2,25,600	22,56,000	-
30.3.2004	2,25,600	10	10	Bonus	1:1 Bonus	4,51,200	45,12,000	-
30.3.2004	16,00,000	10	10	Other than cash	Allotted vide agreement dated 30.3.2004 as consideration for purchase of software known as Powerfax to Promoters	20,51,200	2,05,12,000	-
4.6.2004	5,47,300	10	10	Cash	Further Allotment to Promoter Group & Others	25,98,500	2,59,85,000	-
27.5.2005	1,10,000	10	10	Cash	Further Allotment to Others	27,08,500	2,70,85,000	-
27.6.2005	20,000	10	10	Cash	Further Allotment to Others	27,28,500	2,72,85,000	-
20.7.2005	11,500	10	25	Cash	Further Allotment to Others	27,40,000	2,74,00,000	1,72,500
10.8.2005	60,000	10	10	Cash	Further Allotment to Others	28,00,000	2,80,00,000	1,72,500
10.8.2005	3,500	10	25	Cash	Further Allotment to Others	28,03,500	2,80,35,000	2,25,000
10.8.2005	57,100	10	30	Cash	Further Allotment to Others	28,60,600	2,86,06,000	13,67,000
30.8.2005	6,000	10	25	Cash	Further Allotment to Others	28,66,600	2,86,66,000	14,57,000
30.8.2005	10,000	10	30	Cash	Further Allotment to Others	28,76,600	2,87,66,000	16,57,000
30.8.2005	1,500	10	35	Cash	Further Allotment to Others	28,78,100	2,87,81,000	16,94,500

6.10.2005	47,92,497	10	10	Cash	Further Allotment to Promoters, Promoter Group & Others	76,70,597	7,67,05,970	16,94,500
16.12.2005	1,06,750	10	50	Cash	Further Allotment to Others	77,77,347	7,77,73,470	59,64,500
10.1.2006	9,700	10	50	Cash	Further Allotment to Others	77,87,047	7,78,70,470	63,52,500
23.1.2006	25,000	10	50	Cash	Further Allotment to Others	78,12,047	7,81,20,470	73,52,500
23.1.2006	3,00,000	10	50	Cash	Allotment to Promoters	81,12,047	8,11,20,470	1,93,52,500
24.1.2006	5,00,000	10	50	Cash	Further Allotment to Others	86,12,047	8,61,20,470	3,93,52,500
15.2.2006	1,61,750	10	50	Cash	Further Allotment to Promoters & Others	87,73,797	8,77,37,970	4,58,22,500
30.3.2006	1,30,800	10	50	Cash	Further Allotment to Others	89,04,597	8,90,45,970	5,10,54,500
28.4.2006	37,000	10	70	Cash	Further Allotment to Others	89,41,597	8,94,15,970	5,32,74,500
26.5.2006	5,00,000	10	50	Cash	Further Allotment to Others	94,41,597	9,44,15,970	7,32,74,500
10.7.2006	3,000	10	70	Cash	Further Allotment to Others	94,44,597	9,44,45,970	7,34,54,500
7.8.2006	4,00,000	10	100	Cash	Further Allotment to Promoter Group	98,44,597	9,84,45,970	10,94,54,500
27.11.2006	23,000	10	125	Cash	Further Allotment to Others	98,67,597	9,86,75,970	11,20,99,500
29.12.2006	31,25,000	10	75	Cash	Further Allotment to Promoters, Promoter Group, Venture Capital Funds & Others	1,29,92,597	12,99,25,970	31,52,24,500
31.1.2007	3,50,000	10	125	Cash	Further Allotment to Others	1,33,42,597	13,34,25,970	35,54,74,500
28.2.2007	4,00,000	10	75	Cash	Further Allotment to Others	1,37,42,597	13,74,25,970	38,14,74,500
08.08.2007	2,15,000	10	275	Cash	Allotment to Investors under Pre-IPO	1,39,57,597	13,95,75,970	43,84,49,500
08.08.2007	25,000	10	300	Cash	Allotment to Investors under Pre-IPO	1,39,82,597	13,98,25,970	44,56,99,500
08.08.2007	1,25,000	10	340	Cash	Allotment to Investors under Pre-IPO	1,41,07,597	14,10,75,970	48,69,49,500

Note:

The Company has allotted 16,00,000 Equity shares of Rs. 10/- each for consideration other than cash to the promoters for purchase of software known as 'Powerfax'.

Dhanus Technologies Limited ("Buyer") had entered into an agreement on the 30th of March, 2004 with Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan (collectively called the "Seller") for purchase of a software known as 'Powerfax' along with all its ownership, usage and consequential rights.

The above consideration of Rs. 1,60,00,000 (Rupees One crore sixty lakhs only) by way of allotment of 16,00,000 Equity Shares of Rs.10/- each was follows:

Mr. A.D. Sudhindra - 5,34,000 Equity Shares of Rs.10/- each
 Mr. V. Narayanaswamy - 5,33,000 Equity Shares of Rs.10/- each
 Capt. D.S. Srinivasan - 5,33,000 Equity Shares of Rs.10/- each

Powerfax is used in a Faxwork Server that can store and forward fax messages and receive fax messages from a number of customers and deliver faxes at the same time. The software consolidates voice, email and fax on a single network, allowing sending, receiving and managing messages from any access device – whether telephone or PC - regardless of message type and independent of location or time and the connection.

The salient terms and conditions of the agreement are as follows:

- i. The Company shall have irrevocable and worldwide rights over the software Powerfax and the seller shall have no claims over the said software on execution of the sale deed and payment of consideration in full settlement by way of allotment of above mentioned equity shares.
- ii. The Sellers shall not enter into any kind of agreement with others involved in the same business regarding software Powerfax or any other software with the same concept.
- iii. The sellers shall not disclose the concept, design, program and other details of the software Powerfax to anyone having sold the same to the Company.
- iv. The Sellers shall provide training and guidance to one or more employees or representatives of the Company regarding the operation, usage, configuration and other relevant details of the software Powerfax.

The consideration for purchase of the software Powerfax is based on the valuation report of C. Ramasamy & Srinivasan, Chartered Accountants, 37, Alagiri Nagar, II Street, Vadapalani, Chennai - 600 026 dated 10th March, 2004. The valuation has been carried out on a "going concern" basis.

The shareholders of the Company at the Extra Ordinary General Meeting held on 30th March, 2004 approved the purchase of the software Powerfax and the allotment of shares

The Authorised Equity Share Capital of the Company has been built-up as per the details given below:

Date	Number of Shares	Cumulative number of shares	Face Value (Rupees)	Authorised Capital (Rupees)	Particulars
2.4.1993	10,000	10,000	10	1,00,000	Incorporation
30.12.1996	2,40,000	2,50,000	10	25,00,000	Increase
30.3.2004	27,50,000	30,00,000	10	3,00,00,000	Increase
6.10.2005	1,10,00,000	1,40,00,000	10	14,00,00,000	Increase
31.5.2006	60,00,000	2,00,00,000	10	20,00,00,000	Increase

The current authorised capital is sufficient to meet the requirements of the fresh issue.

B. Share Capital History of the Promoters:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs)	%age of Pre-Issue Paid-up Capital	%age of Post - Issue Paid-up Capital
A.D. Sudhindra	02.04.1993	Cash	100	10	10	0.001	0.0005
	28.06.1999	Cash	89,900	10	10	0.64	0.50
	30.03.2004	Bonus	90,000	10	-	0.64	0.50
	30.03.2004	Consideration other than cash	5,34,000	10	10	3.78	2.98
	06.10.2005	(Sale)	(37,500)	10	10	(0.27)	(0.21)
	06.10.2005	Cash	14,19,100	10	10	10.06	7.91
	20.12.2005	(Sale)	(3,40,000)	10	50	(2.41)	(1.89)
	23.01.2006	Cash	1,00,000	10	50	0.71	0.56
	15.02.2006	Cash	3,000	10	50	0.02	0.02
	26.05.2006	(Sale)	(12,500)	10	50	(0.09)	(0.07)
	26.05.2006	(Sale)	(60,000)	10	10	(0.43)	(0.33)
	26.05.2006	(Sale)	(15,000)	10	10	(0.11)	(0.08)
	27.11.2006	Transfer	48,000	10	40	0.34	0.27
	29.12.2006	Cash	1,25,000	10	75	0.89	0.70
Sub Total (A)			19,44,100			13.78	10.84
V. Narayanaswamy	28.06.1999	Cash	1,34,900	10	10	0.96	0.75
	12.07.2000	Cash	100	10	10	0.001	0.0005
	29.01.2004	(Sale)	(10,001)	10	10	(0.07)	(0.06)
	29.01.2004	(Sale)	(30,000)	10	10	(0.21)	(0.17)
	30.03.2004	Bonus	94,999	10	-	0.67	0.53
	30.03.2004	Consideration other than cash	5,33,000	10	10	3.78	2.97
	06.10.2005	(Sale)	(37,500)	10	10	(0.27)	(0.21)
	06.10.2005	Cash	12,37,500	10	10	8.77	6.90
	20.12.2005	(Sale)	(3,30,000)	10	50	(2.34)	(1.84)
	23.01.2006	Cash	1,00,000	10	50	0.71	0.56
	15.02.2006	Cash	3,000	10	50	0.02	0.02
	26.05.2006	(Sale)	(12,500)	10	50	(0.09)	(0.07)
	26.05.2006	(Sale)	(60,000)	10	10	(0.43)	(0.33)
	26.05.2006	(Sale)	(15,000)	10	10	(0.11)	(0.08)
	07.08.2006	Transfer	91,500	10	40	0.65	0.51
	30.09.2006	Transfer	2,500	10	40	0.02	0.01
27.11.2006	Transfer	1,05,000	10	40	0.74	0.59	
27.11.2006	Transmission	5,200	10	-	0.04	0.03	
01.12.2006	Transfer	1,000	10	40	0.007	0.01	

	08.12.2006	Beneficiary Transfer	1,500	10	40	0.01	0.01
	11.12.2006	Beneficiary Transfer	25,100	10	40	0.18	0.14
	29.12.2006	Cash	1,25,000	10	75	0.89	0.70
Sub Total (B)			19,65,298			13.93	10.95
Capt. D.S. Srinivasan	11.11.2000	Transfer	100	10	10	0.001	0.0005
	30.03.2004	Bonus	100	10	-	0.001	0.0005
	30.03.2004	Consideration other than cash	5,33,000	10	10	3.78	2.97
	06.10.2005	Cash	12,50,000	10	10	8.86	6.97
	20.12.2005	(Sale)	(3,30,000)	10	50	(2.34)	(1.84)
	23.01.2006	Cash	1,00,000	10	50	0.71	0.56
	15.02.2006	Cash	3,000	10	50	0.02	0.02
	26.05.2006	(Sale)	(12,500)	10	50	(0.09)	(0.07)
	26.05.2006	(Sale)	(60,000)	10	10	(0.43)	(0.33)
	26.05.2006	(Sale)	(15,000)	10	10	(0.11)	(0.08)
	07.08.2006	Transfer	7,500	10	40	0.05	0.04
	27.11.2006	Transfer	3,33,700	10	40	2.37	1.86
	29.12.2006	Transfer	12,600	10	40	0.09	0.07
	29.12.2006	Cash	1,25,000	10	75	0.89	0.70
Sub Total (C)			19,47,500			13.80	10.85
Total Promoters Holding (A+B+C)			58,56,898			41.52	32.64

Promoters Contribution and Lock-in period:

i 3 years lock-in

In terms of chapter IV of the SEBI DIP Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of the Company held by the promoters of the Company shall be locked in for a period of three years. The details of the promoter's Equity shares locked in for a period of three years are as under:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs)	%age of Post -Issue Paid-up Capital	Lock in Period (years)
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	Sub Total (C)		11,50,067			6.41	
	Total (A+B+C)		35,88,520			20.00	

ii 1 Year lock-in

In terms of Clause 4.12.1 of the SEBI DIP Guidelines, the balance equity shareholding of the promoters i.e. 22,68,378 Equity Shares (in excess of the aforesaid 20%) shall be locked in for a period of one year.

C. Shareholding pattern of persons in Promoters' Group:

Name of the persons in Promoters' Group	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs)	%age of Pre-Issue Paid-up Capital	%age of Post-Issue Paid-up Capital
Asha Sudhindra	2.4.1993	Cash	100	10	10	0.0007	0.0006
	30.3.2004	Bonus	100	10	-	0.0007	0.0006
	Total (A)		200			0.0014	0.0011
N. Ranganayaki	12.7.2000	Cash	100	10	10	0.0007	0.0006
	30.3.2004	Bonus	100	10	-	0.0007	0.0006
	4.6.2004	Cash	1,000	10	10	0.0071	0.0056
	Total (B)		1,200			0.0085	0.0067
A.D.S.N. Prasad	12.7.2000	Cash	100	10	10	0.0007	0.0006
	30.3.2004	Bonus	100	10	-	0.0007	0.0006
	Total (C)		200			0.0014	0.0011
Geetha Srinivasan	11.11.2000	Transfer	100	10	10	0.0007	0.0006
	30.3.2004	Bonus	100	10	-	0.0007	0.0006
	4.6.2004	Cash	1,000	10	10	0.0071	0.0056
	6.10.2005	Cash	8,727	10	10	0.0619	0.0486
	Total (D)		9,927			0.0704	0.0553
S. Muthukrishnan	30.3.2006	Transfer	7,90,870	10	10	5.61	4.41
	19.5.2006	Electronic Transfer	75,000	10	50	0.53	0.42
	26.5.2006	Transfer	(12,500)	10	50	(0.09)	(0.07)
	26.5.2006	Transfer	(75,000)	10	10	(0.53)	(0.42)
	10.7.2006	Transfer	(1,00,000)	10	100	(0.71)	(0.56)
	27.11.2006	Transfer	6,000	10	40	0.04	0.03
	8.12.2006	Electronic Transfer	80,000	10	50	0.57	0.45
	29.12.2006	Cash	1,25,000	10	75	0.89	0.70
Total (E)		8,89,370			6.30	4.96	
R. Venkatraman	10.7.2006	Transfer	40,000	10	100	0.28	0.22
	7.8.2006	Cash	55,000	10	100	0.39	0.31
	Total (F)		95,000			0.67	0.53
Rajiv Venkatraman	10.7.2006	Transfer	30,000	10	100	0.21	0.17
	7.8.2006	Cash	1,35,000	10	100	0.96	0.75
	27.11.2006	Transfer	10,000	10	40	0.07	0.06

	Total (G)		1,75,000			1.24	0.98
Chandrasekar Venkatraman	10.7.2006	Transfer	30,000	10	100	0.21	0.17
	7.8.2006	Cash	1,00,000	10	100	0.71	0.56
	Total (H)		1,30,000			0.92	0.72
Radharani Venkatraman	7.8.2006	Cash	45,000	10	100	0.32	0.25
	Total (I)		45,000			0.32	0.25
Geetha Venkatraman	7.8.2006	Cash	65,000	10	100	0.46	0.36
	Total (J)		65,000			0.46	0.36
TOTAL (A+B+C+D+E+F+G+H+I+J)			14,10,897			10.00	7.86

- Out of the total Promoters' holding, 20% of the Post-Issue Equity Share Capital i.e., 35,88,520 Equity Shares will be locked in for 3 years. 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 DIP Guidelines. The promoters/promoter group will not be participating in the proposed issue.
- In terms of Clause 4.13.1 of the SEBI DIP Guidelines, the lock-in shares mentioned above has been arrived on the basis of 'Issued Last, Locked First'. The promoters have given a written undertaking that these shares shall not be transferred except inter se transfer as per the SEBI guidelines.
- In terms of Clause 4.14.1 of the SEBI DIP Guidelines, in addition to the lock-in of 20% of post-issue shareholding of the Promoter for three years, as specified above, the entire pre-issue share capital shall be locked in for a period of one year from the date of allotment in this issue. However, in terms of Clause 4.14.2 sub-clause (i) of the SEBI DIP Guidelines, the above lock-in requirement of Clause 4.14.1 shall not be applicable to the pre-issue shares held by a Venture Capital Fund or a Foreign Venture Capital Investor provided the shares have been held by the Venture Capital Fund or the Foreign Venture Capital Investor, as the case may be, for a period of at least one year as on the date of filing the Draft Red Herring Prospectus with SEBI.
- Securities locked-in as minimum promoters contribution shall be pledged only if the pledge of shares is one of the terms of the loan and 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 Clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoter/Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The three Promoters (i.e. Mr.A.D. Sudhindra, Mr. V. Narayanaswamy and Capt. D.S. Srinivasan) have pledged 2 lakh Equity Shares each aggregating to a total of 6 lakh Equity Shares as additional collateral with UCO Bank in terms of the Bank's sanction letter no. MCB\CR\004\2006-07 dated 26.2.2007 and the letter of modification of terms dated 22.6.2007. The above Equity Shares pledged by the promoters do not form part of minimum promoters contribution. The shares pledged constitute a lock-in for a 1 year period from the date of allotment in this Issue.
- Further, in terms of Clause 4.16(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- The lock in period shall commence from the date of allotment of Equity Shares in this issue and the last date of the lock-in shall be reckoned as three years from the date of commercial production or date of allotment of shares in the public issue, whichever is later.

7. In case the final allotment of equity shares exceeds the number of equity shares offered through this issue on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for three years shall be calculated on the increased allotted share capital.
8. **Pre-issue and Post-issue Shareholding pattern of the Promoters and the Promoters Group is as under :**

Name of the Shareholder	Pre Issue		Post Issue	
	No. of Shares	%age Holding	No. of Shares	%age Holding
Promoters				
A.D. Sudhindra	19,44,100	13.78	19,44,100	10.84
V. Narayanaswamy	19,65,298	13.93	19,65,298	10.95
Capt. D.S. Srinivasan	19,47,500	13.80	19,47,500	10.85
Sub Total (a)	58,56,898	41.52	58,56,898	32.64
Promoters Group				
Relatives of Promoters				
Asha Sudhindra	200	0.0014	200	0.0011
N. Ranganayaki	1,200	0.0085	1,200	0.0067
A.D.S.N. Prasad	200	0.0014	200	0.0011
Geetha Srinivasan	9,927	0.0704	9,927	0.0553
Directors & their relatives				
S. Muthukrishnan	8,89,370	6.30	8,89,370	4.96
R. Venkatraman	95,000	0.67	95,000	0.53
Rajiv Venkatraman	1,75,000	1.24	1,75,000	0.98
Chandrasekar Venkatraman	1,30,000	0.92	1,30,000	0.72
Radharani Venkatraman	45,000	0.32	45,000	0.25
Geetha Venkatraman	65,000	0.46	65,000	0.36
Sub Total (b)	14,10,897	10.00	14,10,897	7.86
Shareholding of Promoters' Group (a+b)	72,67,795	51.52	72,67,795	40.51

9. **Shareholding pattern - Pre-issue and Proposed Post Issue Share Holding Pattern of the Company is as under:**

Sl. No.	Category	Pre – Issue		Post – Issue #	
		No. of Shares	% Holding	No. of Shares	% Holding
1.	Promoters :				
(i)	Indian	58,56,898	41.52	58,56,898	32.64
(ii)	Foreign	-	-	-	-
2.	Promoter Group :				
(i)	Relatives	11,527	0.08	11,527	0.06
(ii)	Directors & their relatives	13,99,370	9.92	13,99,370	7.80
	Sub Total (A)	72,67,795	51.52	72,67,795	40.51
3.	Non Promoters:				
(i)	Pre-IPO Investors				
A	Jain Bipin Kanji	15,000	0.11	# [•]	# [•]
B	Jain Rasesh Bipin	15,000	0.11	# [•]	# [•]
C	Madhav Prasad Agarwal HUF	35,000	0.25	# [•]	# [•]
D	Pannadevi Agarwal	10,000	0.07	# [•]	# [•]
E	Ramesh Ootam *	7,500	0.05	# [•]	# [•]
F	Agrawal Amit G	35,000	0.25	# [•]	# [•]
G	India Emerging Opportunities Fund Ltd.	2,15,000	1.52	# [•]	# [•]
H	Concept Communication Limited	25,000	0.18	# [•]	# [•]
	Sub Total holding of Pre-IPO investors (B)	3,57,500	2.53	# [•]	# [•]
(ii)	Foreign Institutional Investors	-	-	# [•]	# [•]
(iii)	Financial Institutions	-	-	# [•]	# [•]
	Venture Capital	\$ 23,19,500	16.44	# [•]	# [•]

(iv)	NRI & OCB	-	-	# [•]	# [•]
(v)	Employees	36,500	0.26	# [•]	# [•]
(vi)	Public	12,55,500	8.90	# [•]	# [•]
(vii)	Friends & Associates	4,54,502	3.22	# [•]	# [•]
(viii)	Other Bodies Corporate	24,16,300	17.13	# [•]	# [•]
(ix)	Public Issue ##	-	-	38,35,000	21.37
	Sub Total (C)	64,82,302	45.95	# [•]	# [•]
	Total (A) + (B) + (C)	1,41,07,597	100.00	1,79,42,597	100.00

The exact Post-Issue shareholding pattern will be determined after the Issue.

This figure represents the public issue of Equity Shares.

\$ Out of the 23,19,500 Equity Shares held by Venture Capital Funds, 14,70,000 Equity Shares are held by Real Trustee Advisory Company Pvt. Ltd. A/c Volrado Venture Partners – Scheme Alpha and 8,49,500 Equity Shares are held by Sourabh Venture Capital Trust, both SEBI registered venture capital firms.

* The pre-IPO allottee has subsequently transferred 7,500 equity shares to the public. Since the Promoters/Promoter Group will not participate in the proposed issue, the entire offering of 38,35,000 Equity Shares has been shown to have been taken by the Non-Promoters.

10. Equity Shares held by the top ten shareholders:

a. Top ten shareholders as on the date of filing of this Red Herring Prospectus:

Name of the Shareholders	No. of Shares	% to total paid up capital
V. Narayanaswamy	19,65,298	13.93
Capt. D.S. Srinivasan	19,47,500	13.80
A.D. Sudhindra	19,44,100	13.78
Real Trustee Advisory Co Pvt. Ltd. A/c Volrado Venture Partners – Scheme Alpha	14,70,000	10.42
Reliance Capital Asset Management Limited A/c PMS	12,00,000	8.51
S. Muthukrishnan	8,89,370	6.30
Sourabh Venture Capital Trust	8,49,500	6.02
Grove Marketing Private Limited	5,00,000	3.54
Nirmal N Kotecha	4,25,000	3.01
India Emerging Opportunities Fund Ltd.	2,15,000	1.52
Total Shares	1,14,05,768	80.85

b. Top ten shareholders 10 days prior to the date of filing of this Red Herring Prospectus:

Name of the Shareholders	No. of Shares	% to total paid up capital
V. Narayanaswamy	19,65,298	13.93
Capt. D.S. Srinivasan	19,47,500	13.80
A.D. Sudhindra	19,44,100	13.78
Real Trustee Advisory Co Pvt. Ltd. A/c Volrado Venture Partners – Scheme Alpha	14,70,000	10.42
Reliance Capital Asset Management Limited A/c PMS	12,00,000	8.51

S. Muthukrishnan	8,89,370	6.30
Sourabh Venture Capital Trust	8,49,500	6.02
Grove Marketing Private Limited	5,00,000	3.54
Nirmal N Kotecha	4,00,000	2.84
India Emerging Opportunities Fund Ltd.	2,15,000	1.52
Total Shares	1,13,80,768	80.67

c. Top ten shareholders two years prior to date of filing of this Red Herring Prospectus:

Name of the Shareholders	No. of Shares	% to total paid up capital
V. Narayanaswamy	7,22,998	25.27
A.D. Sudhindra	7,14,000	24.96
Capt. D.S. Srinivasan	5,33,200	18.64
Stephen Lobo	2,00,000	6.99
S. Chandramohan	1,35,300	4.73
S. Mahesh	1,20,000	4.19
V. Ananthapadmanabhan	60,000	2.10
Lakshmie M.K.	55,000	1.92
Irshad Ali	25,000	0.87
L.V. Balaji	20,002	0.70
Total Shares	25,85,500	90.38

11. No Equity Shares have been sold or purchased by the Promoter and/or the Promoters' Group during the period of six months preceding the date on which this Red Herring Prospectus is filed with the RoC.
12. The Company has issued 3,65,000 Equity Shares to certain pre-IPO investors in the last six months prior to the date of the filing of this Red Herring Prospectus. Details of allottees are as under : -

Sr. No.	Name of the Investor	No. of Shares	Price per Equity Share (Rs.)
1	Jain Bipin Kanji	15,000	340
2	Jain Rasesh Bipin	15,000	340
3	Madhav Prasad Agarwal HUF	35,000	340
4	Pannadevi Agarwal	10,000	340
5	Ramesh Ootam	15,000	340
6	Agrawal Amit G	35,000	340
7	India Emerging Opportunities Fund Ltd.	2,15,000	275
8	Concept Communication Limited	25,000	300

The Equity Shares allotted to the Pre-IPO Investors shall be locked in for a period of one year from the date of allotment in this issue in accordance with the SEBI Guidelines. None of the Pre-IPO allottees are related to the Promoters in any manner.

13. The Company, its Promoters, Directors and/or the BRLM of the Issue have not entered into any 'buy-back' or 'standby' arrangement for purchase of the Equity Shares being offered through this Red Herring Prospectus.
14. An over-subscription to the extent of 10% of Issue size can be retained for the purpose of rounding off to nearest multiple of minimum allotment lot, while finalizing the allotment.

15. The Company has not raised bridge loan from any Bank against the proceeds of this Issue.
16. The Equity Shares offered through the Issue will be fully paid up, and hence there shall be no partly paid shares in this issue.
17. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. At least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further upto 2,00,000 shares shall be available for allocation on a proportionate basis to Eligible Employees subject to valid Bids being received at or above the Issue Price.
19. A total of 2,00,000 Equity Shares have been reserved for allocation to the eligible employees on a proportionate basis, subject to valid bids being received at or above the issue price. If the aggregate demand in the Employee Reservation Portion is greater than 2,00,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. Employees can also make Bids in the Net Issue and such Bids shall not be treated as multiple Bids.
20. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
21. Under-subscription, if any, in any category other than QIB would be met with the spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However if the aggregate demand by mutual funds is less than 1,09,050 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.
22. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" beginning on page no. 317 of this Red Herring Prospectus.
23. The Company shall not make any 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 the submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
24. The Company at present does not intend or propose to alter its capital structure for a period of six months from the date of filing of this Red Herring Prospectus, 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 except that if the Company enters into acquisitions or joint ventures, the Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
25. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Offer.
26. The Company has issued 2,25,600 Equity shares, by way of Bonus Issue in the ratio of 1:1 on 30th March, 2004.

27. The Company has not issued any Equity shares for consideration other than cash except for issue of 16,00,000 Equity Shares of Rs. 10/- each to the Promoters on March 30, 2004 as consideration for purchase of software 'Powerfax'.
28. The company has not issued any shares out of revaluation reserve or reserves without accrual of cash resources.
29. The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme for its employees.
30. There will be only one denomination of the Equity Shares of Dhanus unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
31. The Company has a total of 162 Equity shareholders as on August 24, 2007.

vii. OBJECTS OF THE ISSUE

The objects of the Issue are raising capital for financing the Company's proposed business plans and to achieve the benefits of listing.

The Company intends to expand its infrastructural facilities and equipment base and would be constructing its new Corporate Office and Network Operating Centre. The existing infrastructure, equipments, operations and facilities would however continue to be operational at the existing locations at Mena Kampala Arcade, Chennai.

The Objects of the present Issue of Equity Shares includes:

1. Planned Capital expenditure comprising:
 - i. Fund the acquisition of property in Chennai city and, construction thereon of building to house the Corporate office, Network Operating Centre, ITES, Software Support Services, Customer Support Services, and Software Development initiatives, including interiors and power back-up support.
 - ii. Expansion and improvement of the Company's infrastructure support systems by purchase of Network Operating Centre equipments for its ITES and FleeTrac businesses.
 - iii. Purchase of equipments such as Development Servers, Workstations, Software for ITeS agents, and the management team of ITeS services.
 - iv. Purchase equipments for FleeTrac services.
 - v. Set up of countrywide network of sales and support offices.
2. To meet the expenses of the Issue.
3. To list the Equity Shares of Dhanus Technologies Limited on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange

2.	Expansion and improvement of the Company's infrastructure support systems by purchase of Network Operating Centre equipments for its ITES and FleeTrac businesses.	5025.27
3.	Purchase of equipments such as Development Servers, Workstations, Software for ITeS agents, and the management team of ITeS services.	148.04
4.	Purchase equipments for FleeTrac services.	3788.61
5.	Set up of countrywide network of sales and support offices.	699.50
6.	Expenses of the Issue	[•]
7.	General Corporate Purposes	[•]
	TOTAL	[•]

The cost of the above equipments is adequately covered as all the above equipments have, over the years, undergone reduction in prices with time. As regards foreign exchange component related to purchase of equipments in US Dollars, although the US Dollar has been depreciating over the last six months and more, the management has provided for escalation in the value of the US Dollar vis-à-vis the Rupee to the extent of 5 per cent on all the equipments which are to be purchased in US Dollars under the STPI Scheme, in the event there is an appreciation in the value of the Dollar.

The requirement of funds as estimated the Company's management shall be utilised by the management immediately on the availability of funds, subsequent to the closure of the Issue and allotment of Equity Shares.

In addition, the fund requirements are based on the current internal management estimates of the Company. The Company operates in a competitive, dynamic market condition, and may have to revise the estimates from time to time on account of new projects that the Company may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. Consequently, the fund requirements may also change accordingly. Any such change in the plans may require rescheduling of the expenditure programs at the discretion of the management of the Company. In case of any shortfall or cost overruns, the Company intends to meet the estimated expenditure from cash flow from operations.

MEANS OF FINANCE

The net proceeds of the Issue would be used towards Planned Capital Expenditure and any additional funds raised over and above the requirement would be deployed for General Corporate Purposes such as expenditure towards marketing and brand-building, hiring and training key employees, improvement in Company's processes, enhancing its operational infrastructure etc. The above-mentioned fund requirement will be met from the pre-IPO placements, the proceeds of this Issue and/or internal accruals. The proposed means of finance will be as under:

Particulars	Amount (Rs. in lakhs)
Pre-IPO Placement	1091.25
Public Issue	[•]
Internal Accruals	[•]
Total	[•]

The Company has allotted Equity Shares to the Pre-IPO Investors on a preferential basis aggregating to Rs. 1091.25 lakhs ("Pre-IPO Placements") after filing the Draft Red Herring Prospectus with the SEBI. The Company proposes to utilise the funds raised in the Pre-IPO placement towards the objects of the Issue. For details of these Pre-IPO Placements, see the sections titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus.

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other Issuer related expenses, is estimated to be at Rs. [•] lakhs.

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed public issue have been made.

In case of excess money, if any, the same will be utilised for general corporate purpose.

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. In case the funds raised in the Issue are lower than the total requirement, the Company intends to finance the shortfall to the extent of internal accruals available or through Promoter's contribution. The amount of free reserves of the Company as on June 30, 2007 stood at Rs. 7707.69 lakhs. The Company has adequate reserves to meet the shortfall, if any, that may arise.

Detailed Break Up of Funds Requirements:

The fund requirement plan and its deployment have not been appraised by any financial institution or Bank. The fund requirement mentioned herein-below is based on the Company's current business plans and internal estimates. In case of any variation in the actual utilization of funds or shortfall in funds raised, the same will be met out of the Company's internal accruals/promoter's contribution. The break up of the fund requirement under the various heads has been estimated as under:

- 1. Fund the acquisition of property in Chennai city and construction thereon of building to house the Corporate office, Network Operating Centre, ITES, Software Support Services, Customer Support Services, and Software Development initiatives, including interiors and power back-up support.**

For the purpose of development of Corporate Office, Network Operating Centre and BPO Operations, the Company has entered into an 'Agreement of Sale' with Mr. K.L. Jayakumar, 10, Jakkamal Koil Street, Postal Audit Colony, Saligramam, Chennai – 600 093, who is the registered Power of Attorney holder for Mr. N. Lakshmi pathy and Mr. N. Sivaraman, both of them being brothers residing at 399, Kulakarai Street, Chennai – 600 091, who are the Sellers of the above property.

The Company has agreed to purchase the said property for a total consideration of Rs. 1200 lakhs. The said Agreement of Sale was entered into on May 7, 2005.

Description of Property:

Vacant Land situated at Survey no: 78/7-0.33, 78/8-0.48, 87/1-0.77, 99/9-0.18, 99/9-0.48, 103/7-0.59, at Village No: 140, Thiruvanmiyur Village, Mylai, Triplicane Taluk, Chennai District, Sub Registration District of Saidapet and Registration District of South Chennai, measuring in total 2 Acres 83 cents to the total extent of 51.5 Grounds approximately, with boundaries of North by 30 feet road – South by 20 feet road – East by Seashore – and West by 40 feet road.

The Company has already paid Rs. 85 lakhs as advance for the said land and the balance will be paid on execution of the documents.

Details of the Property proposed to be acquired:

SI.No.	Particulars	Description
1.	Name of the Vendor	Mr. N. Lakshmi pathy and Mr. N. Sivaraman
2.	Address of the Vendor	399, Kulakarai Street, Chennai – 600 091
3.	Occupation of the Vendor	Self Employed
4.	Amount of consideration in Cash	Rs. 1200 lakhs
5.	Amount paid as Advance	A total sum of Rs. 85 lakhs has been paid to date: i. Rs. 35 lakhs paid vide Cheque No. 500836 dated May 7, 2005 drawn on ICICI Bank Limited, Srirangam Branch, 100, South

		Chitra Street, Srirangam, Trichy – 600 006 in favour of Mr. K.L. Jayakumar, the Registered Power of Attorney. ii. Rs. 10 lakhs paid vide Cheque No. 102457 dated 14.12.2006 drawn on ICICI Bank Limited,, Bazullah Road Branch, Chennai – 600017 in favour of Mr. K.L. Jayakumar. iii. Rs. 40 lakhs paid vide Cheque No. 063373 dated 8.2.2007 drawn on UTI Bank Limited, Puraswalkam, Chennai - 600007 in favour of Mr. K.L. Jayakumar.
6.	Balance amount payable	Rs. 1115 lakhs
7.	Nature of Title or interest in property to be acquired	Outright purchase

In terms of the 'Agreement of Sale', the entire Sale consideration is to be paid on or before December 31, 2007, failing which the Agreement shall be terminated and all payments made to the Sellers shall not be returned.

Total Cost of the land:

		(Rs. in Lakhs)
Sl. No.	Particulars	Amount
1.	Cost of acquisition	1,200
2.	Stamp Duty @ 8% of cost of acquisition	96
3.	Registration Charges @ 1% of cost of acquisition	12
4.	Incidental Expenses @ 1% of cost of acquisition	12
	Total	1,320

In the software industry, one of the critical success factors is the skilled intellectual manpower. In order to support the growth in the Company's business, the Company needs to increase its capabilities both in terms of manpower as well as improved infrastructure. The Company intends to expand its BPO services business, therefore requiring investments for funding the associated capital expenditure.

The Company has already initiated the expansion plans by increasing the capacity of the BPO division to 85 seats, and the Company wants to further increase it to 500 seats by end-2007 to cater to the expected growth in its business. The Company also proposes to upgrade the infrastructure facilities of its software and BPO divisions which include establishment of a Virtual Private Network (VPN) across all offices of the Company and replacement of the existing computers with latest computer systems, to improve its efficiency and response time of service delivery.

The Company would undertake building its Corporate office, Networking Operating Centre and BPO operations at Chennai. The building would have an area of 39,158 square feet spread over Ground floor area plus two storeys. The Company would be setting up the necessary hardware and software and the other utilities. The Company has received a quote dated December 26, 2006 from Olevia Constructions Pvt. Ltd., # K, Divya Complex, Block III, Nerkundram Pathai, Vadapalani, Chennai – 600 026 for construction of the proposed building.

The Company currently has 85 number of seats occupying 2,450 square feet of space.

The details of the estimates and associated costs are as described below:

					(Rs. in lakhs)
Sl. No.	Description of work	Quantity	Unit	Rate (Rs.)	Estimated Cost
1.	Civil work	39158	Sq. feet	960	375.92
2.	Plumbing work	39158	Sq. feet	65	25.45
3.	Painting work	39158	Sq. feet	54	21.15
4.	Electrical work	39158	Sq. feet	106	41.51

5.	Electrical lights and fittings	39158	Sq. feet	35	13.71
6.	Lift 8 persons	4	Nos.	350000	14.00
7.	External wall structural glazing				13.00
8.	Interior work partition				162.70
9.	Inter lock paving blocks	42600	Sq. feet	64	27.26
10.	All round compound wall upto 7'0" ht. Brick work masonry +2'0"ht. Barbed wire fencing	1200	Sq. feet	650	7.80
11.	Air conditioning LG/carrier	228	Mt	20000	45.60
12.	Supply and erection of 1 no. 300 KV kirloskar- sound proof genset	1	No.		25.00
13.	Landscaping and plants area	22540	Sq. feet	34	7.66
i.	Sub-Total				780.76
ii.	Consulting fees 3% of total cost				40.24
iii.	Official fees for Metro water & Drainage line				5.40
iv.	C.M.D.A. planning permission fees	3525	Sq. metre	330	11.63
v.	M.E.S. Connection fees 300 KV, cabling charges and Transformer erection charges etc.				10.00
	TOTAL				848.03

DETAILED DESCRIPTION OF COST

(Figures in Rupees)

S.No.	Description of Work	Qty.	Unit	Rate	Amount
I	PRELIMINARIES				
1.01	Site grading and cleaning	1	LS	50000	50,000
II	EXCAVATOR				
2.01	Earthwork excavation in all types of soil excluding hard rocks, which requires blasting for foundation trenches, column footings upto a depth of two meters from the existing ground level including shoring, strutting, bailing out water from excavation and refilling the excavated earth in trenches and by the sides of plinth, walls and in floors in 150mm thick layers and spreading the extra earth within site upto the proposed ground level, including watering and consolidating each layers by ramming as directed by the Architects in their general builders specifications	1200	Cum	125	1,50,000
2.02	Supplying and filling with river sand in 4.5"layers, including watering, ramming and consolidation etc., complete in foundations and under floors as per specifications.	420	Cum	884	3,71,280
2.03	Filling low lying areas around the building and under floors with pit sand brought from outside including levelling, watering and consolidation etc. as directed by Architects in their general builder's specifications.	1540	Cum	360	5,54,400

2.04	External Building all round earth filling for road level to be raised	4250	Cum	360	15,30,000
III	CONCRETOR				
3.01	Providing and laying machine mixed cement concrete 1:5:10 (1 of Cement: 5 of course sand: 10 of broken stone aggregate 40mm nominal size) in foundations and well consolidated as directed by Architects in their general builders specifications.	82	Cum	2100	1,72,200
3.02	do - do - but with CC 1:4:8 using 40mm dia. Under floors.	268	Cum	2250	6,03,000
3.03	Providing and laying machine mixed and power vibrated RCC 1 : 1 1/2 : 3 (Stone ballast 20mm and down gauge) including the cost of centering and shuttering but excluding the cost of steel reinforcements. Rate includes bearing treatment in C.M. 1:3 wherever bearing is on masonry, as directed by the Architects in their general builders specifications.				
	a) For footing	298	Cum	3200	9,53,600
	b) For plinth beam	38	Cum	3200	1,21,600
	c) For column shafts				
	i) upto FFI	90	Cum	3250	2,92,500
	ii) on Ground Floor	170	Cum	3350	5,69,500
	iii) on First Floor	170	Cum	3450	5,86,500
	iv) on Second floor	150	Cum	3550	5,32,500
	v) Terrace floor	100	Cum	3650	3,65,000
	d) For Lintels				
	i) on Ground floor	45	Cum	3350	1,50,750
	ii) on First Floor	45	Cum	3450	1,55,250
	iii) on Second floor	45	Cum	3550	1,59,750
	e) For roof slab (flats/sloped) including waist slab, landing slab etc.				
	i) On Ground floor	325	Cum	3200	10,40,000
	ii) On First floor	325	Cum	3300	10,72,500
	iii) on Second floor	325	Cum	3400	11,05,000
	iv) on Terrace floor	120	Cum	3500	4,20,000
	f) Beams at Roof level				
	i) on Ground floor	225	Cum	3200	7,20,000
	ii) on First floor	225	Cum	3300	7,42,500
	iii) on Second floor	225	Cum	3400	7,65,000
	iv) on Terrace floor	100	Cum	3500	3,50,000
	Sunshade and counter wash bastion plate form	155	Sqm	600	93,000

IV	All concrete form works beam and column ply wood shuttering, slab steel shuttering sheet shuttering works	3825	Sqm	275	10,51,875
V	STEEL REINFORCEMENT				
5.01	Mild / Tor steel reinforcement for all RCC works including cutting, bending and tying in position etc., complete. (Rate includes the cost of 18 gauge double strong MS binding wire, wastage, etc.) as directed by the Architects in their general builders works specifications. (7849+7721) Steel 4kg for sft	325	Mt	37500	1,21,87,500
VI	BRICK LAYER				
6.01	Brickwork in C.M 1:6 (1 of cement : 6 of coarse sand) using chamber burnt bricks having minimum compressive strength of 50 kg per sq.cm in foundation, basement and superstructure including staircase steps, etc., as per the directions of the Architects in their general builders works specifications.				
	i) On upto finished floor level	325	Cum	2750	8,93,750
	ii) Ground floor	450	Cum	2850	12,82,500
	iii) On first floor	450	Cum	2950	13,27,500
	iv) on Second floor	450	Cum	3050	13,72,500
	iv) On terrace floor	300	Cum	3150	9,45,000
6.02	Chamber burnt half brick masonry partition walls in cement mortar 1 : 4 (1 of cement : 4 of coarse sand) with 2 Nos. 6mm dia MS rods at every fourth course embedded in cement mortar in superstructure, as directed by the Architects in their general builders works specification.				
	i) On ground floor	225	Sqm	360	81,000
	ii) On first floor	225	Sqm	380	85,500
	iii) on Second floor	350	Sqm	400	1,40,000
VII	WATER PROOFING				
7.01	Providing suitable chemical waterproofing in toilet sunken portion and water tank as per manufacturers Specifications in all floors using ("Rofee", "Sika", "Fosroc", Pidlite or equivalent)	296	Sqm	400	1,18,400
7.02	Providing and laying weathering course with brickjelly (25mm and down gauge) in lime in the proportion of 1 : 2 laid and consolidated to proper slope to required thickness (average 100mm) including tempering with a wooden wedge pouring jaggary water	155	Cum	1950	3,02,250
7.03	Providing and laying one course of 20mm thick 200 x 200mm size machine pressed west coast weathering tiles over a bed mortar of 1:3 (1 of cent : 3 of sand) 20mm minimum thick mixed with crude oil 5% by weight of cement or mixed with water proofing 2% by weight of cement and pointing the joints with C.M. 1:2 etc. complete.	1209	Sqm	365	4,41,285

7.04	Providing and laying brick jelly concrete 1:4:8 (1 of cement:4 of coarse sand : 8 of 40mm nominal size brick jelly) thoroughly mixing and consolidating by ramming at every 20mm thick etc., complete for toilet fillings.	45	Cum	1950	87,750
VIII	DOORS & WINDOWS				
8.01	Providing and fixing 37 thick best available Commercial ply flush shutters, thermosetting synthetic resin bound, solid core type construction with internal lipping of best available teak ply veneering on both faces of shutters. The frames shall be of 100x75mm size locally best available Indian padakwood/countrywood and this rate includes 40mm x 20mm (ornamental) teakwood beading all necessary brass hardware fittings, locks, stopper etc. complete as directed by the Architects in their general builders works specifications in all floors.	80	Sqm	3975	3,18,000
8.02	Supplying and fixing Mild Steel grills to windows and ventilators weighing about 1.25kgs/sqft including cost of necessary screws and applying primer coat of paint, fixing in masonry/concrete walls/lintel, finishing the surface neatly etc., complete as directed by the Architects.	2	Mt	45000	90,000

IX BLOCKS/sqsructinry/cite(Ra-1(n)7(re/sqft0,0udes

NG

10.01	12mm thick cement plaster with 1:3 mortar (1 of cement : 3 of lime sand) on RCC works as directed by the Architects in their general builders works specifications.				
	i) Ground floor	2500	Sqm	150	3,75,000
	ii) First floor	2500	Sqm	151	3,77,500
	iii) Second floor	2500	Sqm	152	3,80,000
	iv) Terrace floor	1050	Sqm	153	1,60,650
10.02	15mm to 20mm average thick cement plaster with cement mortar 1:4 (1 of cement : 4 of line sand) on the exterior faces of walls as directed by the Architects in their general builders works specifications. (The rate includes plaster grooves, sunshade band etc.)	1983	Sqm	145	2,87,535
10.03	15mm to 20mm average thick cement plaster with cement mortar 1:4 (1 of cement : 4 of line sand) on the interior of walls as directed by the Architects in their general builders works specifications. (The rate includes plaster grooves, sunshade band etc.)				
	i) Ground floor	1875	Sqm	140	2,62,500
	ii) First floor	1875	Sqm	141	2,64,375
	iii) Second floor	1875	Sqm	142	2,66,250
	iv) Terrace floor	985	Sqm	143	1,40,855
XI	PAINTER & DECORATOR				
11.01	Preparing the surface and painting two coats with External Exterior Emulsion two coat primers, two coat approval colour Emulsion paint (Berger /Nerolac) to give an even shade over a coat of white cement painter. The rate shall include necessary scaffolding etc., complete as directed by the Architects in their general builders works specifications.	1983	Sqm	225	4,46,175
11.02	Painting 2 coats of synthetic enamel paint of approved make and shade over one coat of anti-corrosive/wood primer paint of approved make for iron/wood works as directed by the Architects in their general builders works specifications.				
	a) For woodwork.	135	Sqm	87	11,745
	b) For steel grills	100	Sqm	80	8,000
11.03	Preparing the surface and painting two coats with Internal wall two coat putty, two coat primer, two coat approval colour Emulsion paint (Berger /Nerolac) to give an even shade over a coat of white cement painter. The rate shall include necessary scaffolding etc., complete as directed by the Architects in their general builders works specifications.	12785	Sqm	175	22,37,375
XII	MISCELLANEOUS				

12.01	Supplying and fixing in position 110mm dia, PVC rainwater pipe of approved quality with all necessary special fittings like outlet bends, shoes, offset pieces and the joints filled with adhesive, making the surface good by civil patch up work.	185	Rm	425	78,625
12.02	Providing and fixing staircase handrail with 25mm square M.S. blasters at 260mm c/c with country wood railing of size 100mm x 63mm including fixing the railings with blasters. The rate includes necessary MS flats 25mm x 3mm including painting and polishing etc., complete as directed by the Architects in their general builders works specifications.	80	Rm	2150	1,72,000
12.03	Providing anti-termite treatment in 3 stages (Pest Control India / Pest Always) plinth area of the Building will be measured for payment)	1203	Sqm	50	60,150
12.04	Elevation works	1	LS	150000	1,50,000
12.05	Over head tank	25000	Lit	13	3,25,000
12.06	Under ground sump	35000	Lit	15	5,25,000
12.07	Fire fighting Sump	25000	lit	15	3,75,000
12.08	Electrical works	3639	Sqm	1141	41,52,099
12.09	Plumbing works	3639	Sqm	700	25,47,300
12.10	Lift for 8 persons	4	No	300000	12,00,000
12.11	Landscape works	2105	Sqm	364	7,66,220
12.12	Zapisiam board pall ceiling	3639	Sqm	650	23,65,350
12.13	External structural Glazing work	1825	Sqm	1450	26,46,250
12.14	External Compound wall	420	Rm	2988	12,54,960
12.15	Air conditioning LG/ Carrier	228	Mt	20000	45,60,000
12.16	Official fees for Metro water & drainage line	L.s.			5,40,000
12.17	C.M.D.A. Planning permission fees	3525	Sqm	325	11,45,625
12.18	M.E.S. Connection fees 300 KV, Cabling charges and Transformer erection charges etc.				10,00,000
12.19	Rain water Harvesting pit works	1	L.s	500000	5,00,000
12.20	Fire fighting pipe Laying works	1			50,00,000

12.21	Electrical light & Fan fitting fixing	3639	Sqm	625	22,74,375
12.22	Inter lock paving block	5959	Sqm	656	39,09,104
12.23	Consulting fees 3% of total cost				40,22,801
12.24	Plinth projection works	130	Sqm	600	78,000
	TOTAL				8,48,02,359
	SAY				848.03 lakhs

The above quotation is valid for a period of one year from the date of its issue, i.e., till December 25, 2007.

2. **Equipments for purchase of Network Operating Centre equipment for expansion and improvement of its ITES/BPO and FleeTrac services infrastructure**

The Dhanus Network:

Application Voice

Voice Network: The Voice network is on an International Private Leased Line from VSNL. The private leased circuit is used for real time performance and also ensures security and privacy concerns of all the Company's customers. The voice circuit is terminated in the U.S. at the Company's co-location. The Co-Location is a full-fledged Data and Voice carrier hotel with state-of-the-art facilities such as energen gas filled rooms, earthquake resistant racks, completely redundant and dependable power.

The circuit is terminated on the RAD FCD-E1 Modem and through the V.35 interface connected to the Nortel Passport Multiplexers, where the Company has its DS1 Cards. The end-to-end connectivity diagrams are enclosed for clarity.

The Voice switch is an extremely efficient Soft switch, which works on the Dialogic Hardware and Windows and Citrix environment.

The switch is capable of handling digital trunks (ISDN) such as T1's in North America and E1's in Europe and other parts of the world. Multiple sites could be seamlessly connected and calls diverted to any part of the world based on traffic or any rules that one may set, for e.g., if the IVR selection is for Hispanic agents then the call goes possibly to a location in Mexico and if it is for a technical support issue it can be diverted to a location in India.

The Dialer is a predictive dialer using advance predictive algorithms. The voice activity detection is accurate and calls are distributed only on detection of human voice. Any tones such as busy, etc are not diverted to call agents and excellent reports the agents log in remotely through terminal services, the recorder server is placed in the U.S and India for redundancy.

Useful reports such as idle time of agents, disposition reports, and finish code summaries give important inputs to management.

All servers are industrial grade servers, which are extremely rugged and built with raid capabilities.

The switch and the dialer are part of the Interactive Intelligence, Inc. offering with which Dhanus confidently offers 24x7 services to its worldwide customers.

Two different configurations are depicted for extra redundancy. There are redundant servers with dialer in the US and also a configuration where the dialer is placed in India. The only disadvantage of placing the dialer in India is that all calls irrespective of busy, voicemail etc

traverse the entire bandwidth of the IPLC, thus usage of bandwidth is not optimal, whereas the dialer placed in the US transfers only valid calls back to agents in India.

Network Protection:

The firewall used is a hardware gateway that provides Anti-Virus, Anti-Spy ware and Intrusion Prevention service.

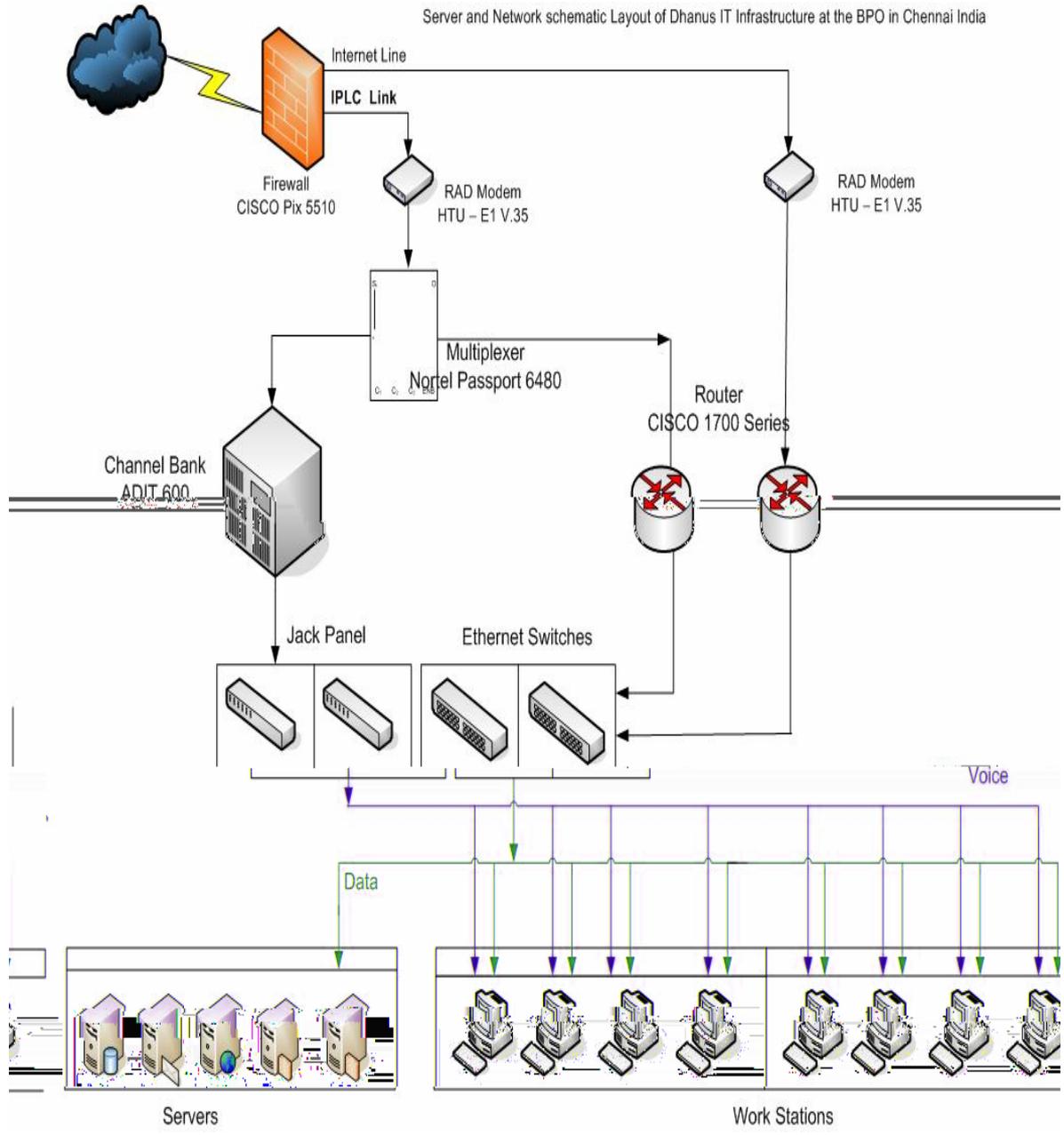
The Cisco Pix firewall delivers intelligent file based virus and malicious code prevention by scanning in real time, for Trojans, worms and other internet threats, based on an extensive database of high threat virus signatures.

It allows administrators to enforce real time gateway antivirus scanning.

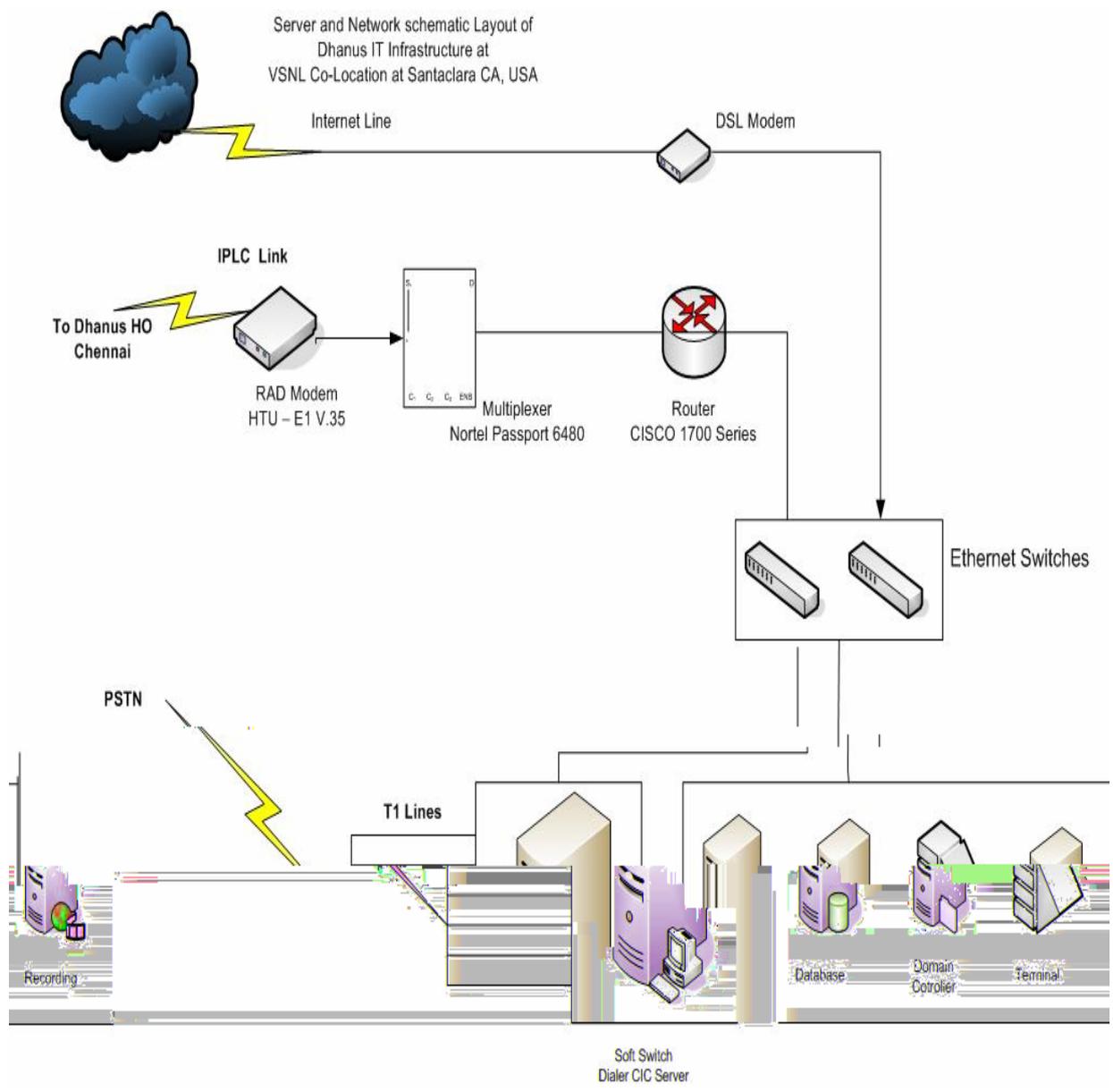
It delivers protection against virus for SMTP, POP3, IMAP, HTTP, FTP, instant messaging and peer-to-peer applications.

It delivers high performance packet inspection for maximum network security.

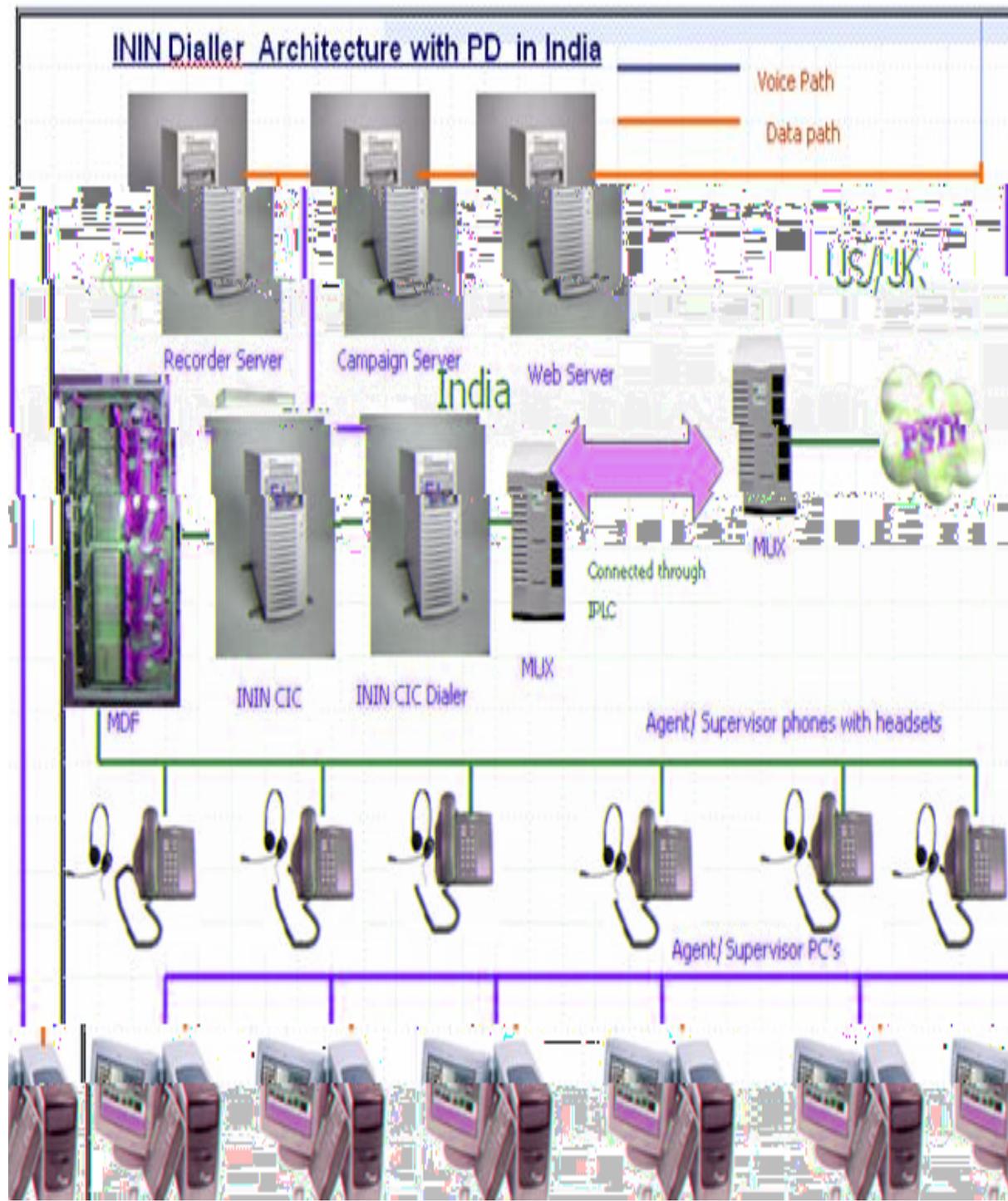
Network diagram Indian End



Network diagram US End



Redundant Setup



I. All equipments as under, are purchased under the STPI Scheme. Hence, the quotes have been received in US Dollars:

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 19, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
A.	ETHERNET SWITCHES					
	WS-C4507R	Catalyst 4500 Chassis (7-Slot), fan, no p/s, Red Sup Capable	1	2	8000	16000
	CON-SNTP-WS-C4507	24x7x4 Svc^ Catalyst 4507R Series Modular Switch	1	2	4850	9700
	CAB-7KACE	AC POWER CORD (EUROPE)	2	2		
	WS-X4516=	Catalyst 4500 Supervisor V, 2 GE, Console (RJ-45)(Spare) Cisco IOS BASIC L3 Cat4500 SUP	2	2	10154	40616
	S4KL3-12220EW	Cisco IOS BASIC L3 Cat4500 SUP 2+/4/5(RIP, St.Routes, IPX, AT)	1	2		
	WS-X4448-GB-RJ45=	Catalyst 4500 48-Port 10/100/1000 Module (RJ45)	2	2	3690	14760
	PWR-C45-1000AC=	Catalyst 4500 1000W AC Power Supply (Data Only) Spare	2	2	612	2448
	WS-X4306-GB=	Catalyst 4500 Gigabit Ethernet Module, 6-Ports (GBIC) (Spare)	2	2	1844	7376
	WS-G5484	1000 base SX (Multi Mode)	12	2	308	7392
	GLC-SX-MM	SFP 1000 base SX (Multi Mode)	12	2	308	7392
	WS-C3560G-48PS-S	Catalyst 3560 48 10/100/1000T PoE + 4 SFP Standard Image	12	2	7400	177600
	CON-SNT-3560G48S	SMARTNET 8X5XNBD Cat 3560 48 10/100/1000T PoE + 4 SF	12	2	725	17400
		Sub-Total				3,00,684
		CIF extra @ 6%				18,041
		TOTAL (A)				3,18,725
B.	FIREWALL AND ROUTERS					
	ASA5520-AIP20-K9	ASA 5520 Appliance w/ AIP-SSM-20, SW, HA, 4GE+1FE, 3DES/AES	2	2	14100	56400
	CON-SU1-AS2A20K9	IPS SVC, AR NBD ASA5520 w AIP-SSM-20, 4GE+1FE, 3DES/AES	2	2	3300	13200
	CISCO2851	2851 w/ AC PWR, 2GE, 4HWIC, 3PVDM, 1NME-XD, 2AIM, IP BASE, 64F/256D	2	2	5845	23380
	CON-SNT-2851	SMARTNET 8X5XNBD 2851 w/ AC PWR, 2GE, 4HWI	2	2	865	3460
		Sub-Total				96,440
		CIF extra @ 6%				5,786
		TOTAL (B)				1,02,226
		GRAND TOTAL (A+B)				4,20,951
		GRAND TOTAL (In Indian Rupees) *				1,86,69,177

* Exchange Rate = US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
C.	LAN CABLING – MATERIALS					
	6-1427200-4	AMP make cable Box: 4-pair, Cat6 UTP Cable, Roll of 305m, Grey	120	2	115	27600
	1479511-1	Cat6 24-port loaded Angled Jack Panel, 1U	75	2	179	26850
	219890-7	Cat6 RJ 45 UTP 7 Feet	1800	2	6	21600
	557505-1	Dual Faceplate	600	2	2.15	2580

	Cat 6 Information Output	1200	2	5.72	13728
	8 Core Fibre	600	2	3.1	3720
	24 Port LIU loaded	7	2	298	4172
	LC Connectors	340	2	4.75	3230
	LC-LC Patch Chords	70	2	51	7140
	Sub-Total				1,10,620
	CIF extra @ 6%				6,637
	TOTAL C)				1,17,257
	Total (In Indian Rupees) *				52,00,348

* Exchange Rate = US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
D.	LAN-CABLING LABOUR					
	RACK	Rack-42U with Power Manager, 1 cable manager/4 nos. Rack Fans with 10 nos. Hardware Packets	2	2	37,500	1,50,000
	Labour for Cabling:					
		Laying of Cables (UOM:Mtr)	36,000	2	11	7,92,000
		PVC Laying (UOM:Mtr)	10,000	2	11	2,20,000
		Rack Mounting Fixing	2	2	1,000	4,000
		Termination	1,200	2	100	2,40,000
		Scanning & Documentation	1,200	2	100	2,40,000
		LIU Fixing	7	2	1,000	14,000
		Fibre Termination	70	2	600	84,000
		Fibre scanning and documentation	70	2	200	28,000
		Sub-Total				17,72,000
		Service Tax @ 12.24%				2,16,893
		TOTAL (D)				19,88,893

DESK-TOP						
Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
E.	LENOVO HIGH END WORKSTATION					
	LENOVO HIGH END WORKSTATION	P4 2.8 GHZ Dual Core/Intel 946 GZ Motherboard /1 MB L2 cache/512 MB DDR RAM/80 GB SATAHDD/Keyboard/ Mouse/Lenovo 15" TFT Monitor /Microsoft Win XP Professional	500	1	750	3,75,000
		Sub-Total				3,75,000
		CIF @ 6%				22,500
		TOTAL (E)				3,97,500
		TOTAL (In Indian Rupees) *				1,76,29,125

* Exchange Rate = US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

SERVER, VM WARE, STORAGE AND BACK-UP

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
F.	SUN SERVER					

A-67-QGZ4-4S-016CB1	Sun Fire X-4600 x64 server: 4x AMD Opteron Model 885 processor, 8x 2GB DDR1-400 memory, 2x73 GB SAS drive, DVD-ROM, 4x PSU, Service Processor, 4x 10/100/1000 Base T Ethernet Ports, 4xUSB 2.0 ports, 2x PCI-x slots, 6x PCI-E Slots (4x8-lane, 2x4 lane). No power cord, must order Geo-specific power cord option, ROHS-5. Standard Configuration. Includes a slide rail kit (no charge item). Order one slide rail kit separately for one Sun Fire X4600 server. Slide rail kit marketing part #: X8095A-Z	6	1	24,590	1,47,540
SG-XPCIE1FC-QF4	Sun Storage Tek PCI-E Enterprise 4 GB FC host bus adapter, Single channel includes standard and low profile brackets, low profile form factor. ROHS 6 compliant	12	1	1,430	17,160
X8095A-Z	X-OPTION Slide Rail kit for Sun Fire X4600 x64 servers. Included with Sun Fire X4600 standard configurations but ordered separately. Must be on the same order with the Sun Fire X4600. Quantity of slide rail kits must match quantity of Sun Fire X4600. Slide rail kit ONLY FITS Sun fire X4600. ROHS 6.	3	1		
X311L	NORTH AMERICAN/ASIA PWRCD RoHS	12	1		
X8121A-Z	X-OPTION 4 GB Memory kit DDR-400 Registered ECC DIMMs (2x2GB) for Sun Fire X4600 x64 servers. RoHS-5	24	1	1375	33,000
W9D-A67-4-3G	SF X4600 4U UPG 3 YR GOLD	6	1	4398	26388
	Sub-Total				224088
	CIF @ 6%				13445
	TOTAL (F)				237533
G.					
IBM Server	7979H5A: x3650 (RACK MODEL) Intel Dual Core Xeon 5063 3.2 GHz/1066 MHz, 2x2 MB L2 Cache/4GB PC2 5300 667 MHZ ECC Chipkill DDR 2 RAM 2x 146 GB 3.5' 10 K RPM SAS HDD, SR 8k-I, DVD Combo, 835 p/s	34	1	9000	306000
	CIF @ 6%				18360
	TOTAL (G)				3,24,360
	GRAND TOTAL (F+G)				5,61,893
	GRAND TOTAL (In Indian Rupees)				2,49,19,955

* Exchange Rate = US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
H.	Integration Charges	Integration Charges				8,00,000
		Service Tax @ 12.24%				97,920
		TOTAL (H)				8,97,920

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 19, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
I.	SAN SWITCH					
	SG-XSWBRO200E-8P-Z	Brocade SW200E (16 port capable) 4Gb Fibre Channel switch with eight ports enabled. Full fabric capability is enabled. Also includes Web tools and Advanced Zoning. Eight 4Gb shortwave SFPs and US power cord included. Rackmount kit or cables are not included. RoHS-5 compliant.	2	2		
	XTACSM2-RK-3RU-19U	Sun CSM200 - 3U Rack Kit, X	2	2		
	X320A	NO AMERICA/ASIA 220 PWR CRD KT	2	2		
	SG-XSWBRO200E-PERF	License key for the Silkworm SW200E switch which allows the switch to support Fabric Watch, Advanced Performance Monitor and Trunking. This part number includes a transaction code which will enable the customer to receive a license key from a web site.	2	2		
	SG-XSWBRO3X50-RK-Z	Brocade SW3X50 Rack Kit	2	2		
		Sub Total	1	2	13,679	27,358
	EIS-SWITCH8-E	INSTALL FC SWITCH 8PORT CHARGE	2	2		
	W9D-BR200E-3G	BROC 200E UPG 3 YR GOLD	2	2	2,198	8,792
		TOTAL				36,150
		CIF @ 6%				2169
		TOTAL (I)				38,319
		TOTAL (In Indian Rupees)				16,99,448

* Exchange Rate = US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
J.	SAN ARRAY					
	XTA6140R11A 2X4800	RoHS-5, Sun StorageTek (tm) 6140 array with 4GB cache and 8 host ports, Rack-Ready Controller Tray, 4800GB, 16 * 300GB 10Krpm 2Gb FC-AL Drives, 2 * 2GB-cache memory FC RAID Controller cards, 2 * redundant AC power supplies, 2 * redundant cooling fans, 2 * copper FC ports for expansion trays and 8 * host ports with shortwave SFPs, 2 * 5M fibre optic cables, 2 * 6M Ethernet cables and management software, 3 yr on-site warranty included (Standard Configuration)	1	1		

	TACSM2R01A0-0	RoHS-5, Sun StorageTek (tm) CSM200, Rack-Ready Expansion Tray - Diskless Chassis, 0GB, 0 drives; (must order minimum 5 drives). Includes: 2 * I/O Modules, 2 * redundant AC power supplies and cooling fans, 2 * copper FC ports for expansions, 2 * 2M copper cables, (For factory integration only)	1	1		
	TA-ST1CF-500G7K	RoHS-6, Sun StorageTek (tm) 6140 array / CSM200, 500GB 7.2Krpm SATA drive (For factory integration only)	10	1		
	X311L	NORTH AMERICAN/ASIA PWRCD RoHS	2	1		
		Sub Total	1	2	98,295	1,96,590
	W9D-ST6140-4-3G	STK 6140 4GB CNTL UPG 3YR GOLD	1	1		
	W9D-STCSM2-3G	STK CSM200 EXP UPG 3YR GOLD	1	1		
	EIS-ARRAY-TRAY-E	Install ARRAY PER-TRAY	1	1		
	EIS-6140CSMARR-E	Install SE6140/CSM Base Charge	1	1	6,735	13,470
		Total (J)				2,10,060
K.	TAPE LIBRARY					
	SG-XLIBLTOS-C4-Z	Sun StorageTek[™] C4 LTO SCSI tape library base, RoHS-6 compliant, 2 LTO drive bays, 38 cartridge slots; 4U rackmount. FC connectivity supported via optional FC bridge.	1	1		
	SG-XMEDLTOUNV CL-10	LTO Univ. Cleaning Cart. 10 PK	1	1		
	SG-XMEDLTO3-10	LTO 3 data carts-10 pack	1	1		
	SG-XFCCARD2-C-Z	C4 FC card option-2Gb	1	1		
	SG-XREDPWR-C-Z	C4 redundant power supply	1	1		
	SG-XTAPLTO3S-C-Z	C4 LTO 3 SCSI drive	1	1		
	X1136A-Z	Cable, SCSI, VHDCI/VHDCI, 0.8m	1	1		
		Total	1	1	18,480	36,960
	EIS-C4TAPE-E	INSTALL C4 TAPE LIBRARY	1	2	992	1,984
	W9D-C4BSEDR-3G	C4 Library UPG 3 Yr Gold	1	2	4,985	9,970
		Total (K)				48,914
L.	VM WARE					
	VI-ENT-C	VMware Infrastructure 3 Enterprise for 2 processors; additive licenses: Includes ESX Server 3, Virtual Center Agent, Virtual SMP, VMFS, Vmotion, HA, DRS, Consolidated Backup	12	2	7,500	1,80,000
	VI-ENT-P-SSS-C	VMware Platinum Support/Subscription: Platinum Support/Subscription* for VMware Infrastructure Enterprise for 2 Processors	12	2	1,750	42,000
		Total (L)				2,22,000
		Total (J+K+L)				4,80,974
		CIF extra @ 6%				28,858



		GRAND TOTAL				5,09,832
		GRAND TOTAL (In Indian Rupees)				2,26,11,069

* Exchange Rate: US\$ 1 = Rs. 44.35

Name of Supplier: True Data Technology, 5661, Palmer Way, Suite F, Carlsbad, CA 92008. Quotation dated January 5, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
M.	DIALER SERVER	Alliance Q-6000 Series Servers Quad Dual-Core Intel Xeon 7000 sequence with 667 Mhz Front Side Bus 4 MB L2 Cache 8 GB DDR2 400 Mhz buffered Intel E8500 chipset LSI Logic LSI53C1030 Dual-channel Ultra 320 SCSI controller supports RAID 0, 1,5,10 Dual embedded Gigabit Ethernet interfaces ATI RADEON 7000 VGA PCI Graphics controller AC redundant hot swap 1570W 1+1 power supplies 6 hot swap cooling fans using 5+1 redundant configuration hot swap UltraU320 SCSI drives from 73 GB	3	2	24,000	1,44,000
		CIF extra @ 6%				8,640
		Total (M)				1,52,640
		TOTAL (In Indian Rupees)				67,69,584

* Exchange Rate: US\$ 1 = Rs. 44.35

Name of Supplier: True Data Technology, 5661, Palmer Way, Suite F, Carlsbad, CA 92008. Quotation dated January 12, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
N.	CARDS					
	Trunk Boards Dialogic Hardware	DM/V1200A-4T1-PCI	15	1	12,500	1,87,500
	Trunk Boards Dialogic Hardware	DM/V1200BTEP-4E1	5	1	12,500	62,500
	Station Board	HDSI/1200PCIU	5	2	14,520	1,45,200
	Multiplexer	Nortel Passport 6480	2	2	30,000	1,20,000
	Channel Bank	High performance Channel Bank	12	2	3,700	88,800
	DS1 Cards	NTJS40BA	21	2	2,500	1,05,000
		Sub Total				7,09,000
		CIF extra @ 6%				42,540
	Total (N)				7,51,540	
	TOTAL (In Indian Rupees)				3,33,30,799	

* Exchange Rate: US\$ 1 = Rs. 44.35

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)
O.	SOFTWARE AND LICENCES					
		Oracle 10G	40	2	27,273	21,81,840

	Oracle Enterprise Edition per Processor license	40	2	6,250	5,00,000
	TOTAL (O)				26,81,840
	TOTAL (In Indian Rupees)				11,89,39,604

* Exchange Rate: US\$ 1 = Rs. 44.35

Name of Supplier: Servion Global Solutions. Quotation reference no. SLS/CHN/sat/Dhanus/13/1/2007 dated January 13, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (US\$)	COST (US\$)	
P.	For 350 Seats Outbound Call Centre						
		13 Components					
	1	CIC – Server Modules					
		Basic Server	2				
		Interaction Recorder	1				
		Interaction Dialer	2				
	2	CIC Workstation Licences Outbound					
		Business User Workstation	380				
		Dialer with scriptor add on	350				
		Supervisor Add on	30				
		Dialer Ports (1:2 Dialing Ratio)	700				
		Recorder Add on	380			4,90,000	
	3	Installation, Integration and Configuration on ININ Licences					
		Sub-Total (i)					4,94,900
		For 100 Seats Inbound Call Centre					
		13 Components					
	1	CIC – Server Modules					
		Basic Server	1				
		Interaction Recorder	1				
		Database Access Tools	1				
2	CIC Workstation Licences Inbound						
	Business User Workstation	15					
	CC1	100					
	Recorder Add on	115					
	External Call Port	110					
	Supervisor Add on	15			1,40,000		
3	Installation, Integration and Configuration of ININ Licences						
	Sub-Total (ii)					1,41,400	
	TOTAL P (i+ii)					6,36,300	
	TOTAL (In Indian Rupees)					2,82,19,905	
	GRAND TOTAL (A+B+C+D+E+F+G+H+I+J+K+L+M+N+O+P)					28,08,75,827	
	Say, in lakhs					2808.76	
	Contingency Cost @ 5% on account of likely US Dollar appreciation (On equipments aggregating Rs. 2779.89)					138.99	
	TOTAL					2947.75	

* Exchange Rate: US\$ 1 = Rs. 44.35

II. The details of the equipments required for the Network Operating Centre, that do not fall under the STPI Scheme, is as follows:

Network Operation Center

The network operations for the Voice /multimedia contact center and the fleetrack operations is a maximum availability network which provides for local and geographic redundancy. All the data centers are connected through routers and house core catalyst switches behind which the Company's server farm operates.

Both applications are extremely resource intensive and transmit critical customer data across the globe and across India. Hence a comprehensive network policy along with a robust network operating center is required using state-of-the-art equipments such as web switches for load balancing, cisco core switches and routers, SAN switches and arrays to store and retrieve terabytes of information, Veritas software for back-up management, Database management using

Oracle is required to process terabytes of information received and processed Sun servers with VM ware for server optimization and management.

The Network Operating Centre has all systems connected to an UPS (Uninterrupted Power Supply) backed up by DG sets that ensure 100% power availability. All precautions for fire prevention are in place and Fire fighting equipments placed at strategic points for easy access.

All security personnel and administrative staff are trained by third parties to efficiently handle emergencies.

Equipments

The Cisco catalyst 4500 core switch is a superior switch that provides a high quality of service. This is done by:

- Classifying Traffic: This distinguishes type of traffic such as IP and Non IP.
- Congestion Avoidance: Proactive notification of traffic to the network device.
- An efficient scheduling and queueing: Three queueing configurations that provide further QOS capabilities.
- Bandwidth sharing, Traffic Shaping and strict Priority Queues.

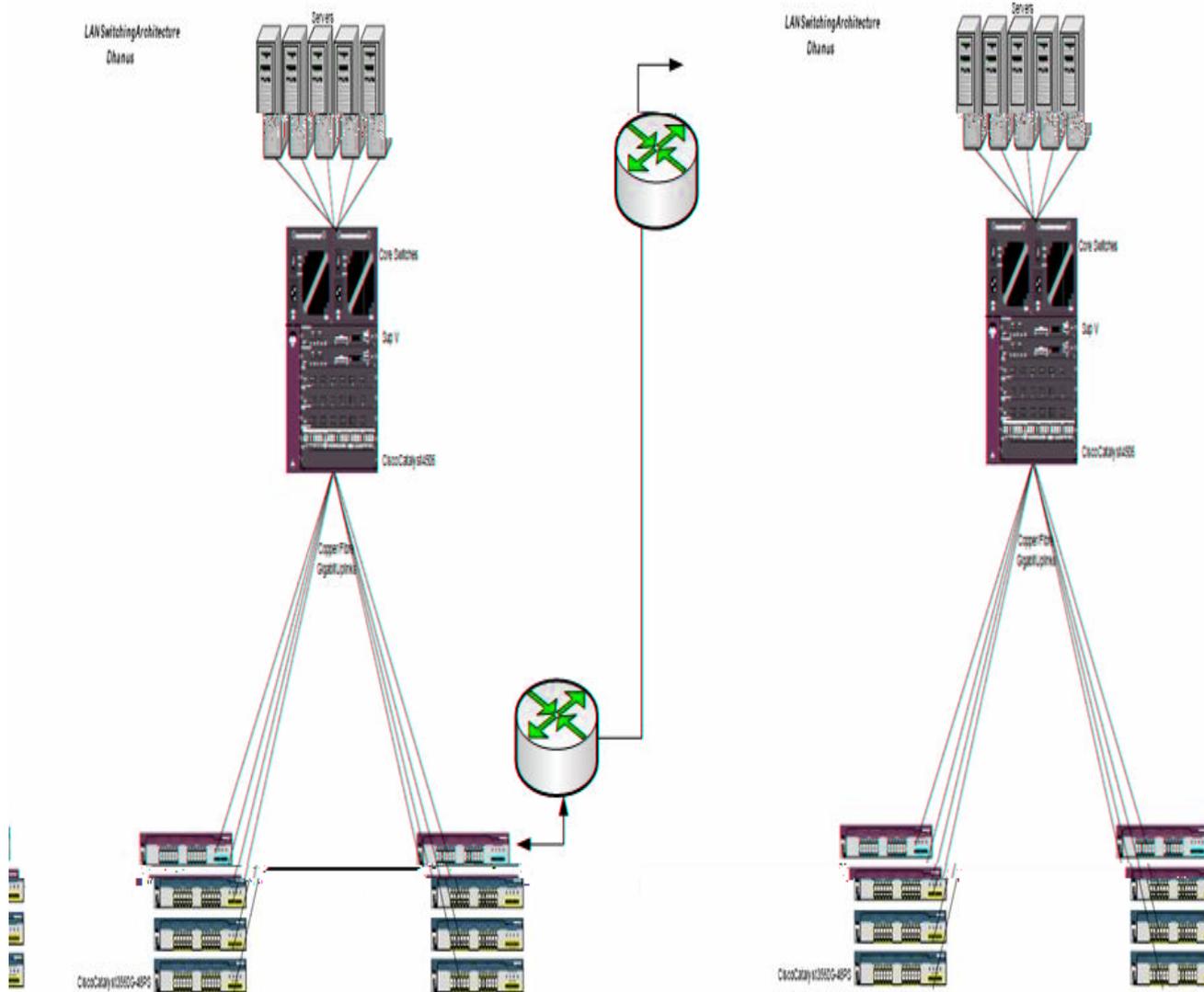
The Catalyst also offers integrated security features to secure critical network infrastructure. It reduces network security risks with a set of Network admission control; control plane policing and standards based user authentication, authorization and accounting.

Thus the switch has ample hardware resources such as IP source guard, dynamic ARP inspection DHCP snooping and Port security to implement security features.

Geographic redundancy and also efficient load balancing is achieved by replicating the switches and servers at two locations in Gurgaon and Chennai. This will be connected by a dedicated data link.

NOC at Chennai

NOC at Gurgaon



WS-X4516 SUPERVISOR

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
A.	SERVER					
	SERVER, VM WARE, STORAGE & BACK-UP					

1.	A67-QGZ8-4S-032CB1	Sun Fire X4600 x64 server: 8x AMD Opteron Model 885 processor, 16x 2GB DDR1-400 memory, 2x73 GB SAS drive, DVD-ROM, 4x PSU, Service Processor, 4x 10/100/1000 BaseT Ethernet ports, 4xUSB 2.0 ports, 2x PCI-X slots, 6x PCI-E slots (4x8-lane, 2x4-lane). No power cord, must order Geo- specific power cord option, RoHS-5. Standard Configuration. Includes a slide rail kit (no charge item). Order one slide rail kit separately for one Sun Fire X4600 server. Slide rail kit marketing part #: X8095A-Z	9	2	31,26,765	5,62,81,770
	SG-XPCIE2FC-QF4	Sun Storage Tek PCI-E Enterprise 4Gb FC host bus adapter, Dual channel includes standard and low profile brackets, low profile form factor. RoHS 6 compliant	9	2	1,64,175	29,55,150
	X8095A-Z	X-OPTION Slide rail kit for Sun Fire X4600 x64 servers. Included with Sun Fire X4600 standard configurations but ordered separately. Must be on same order with the Sun Fire X4600. Quantity of slide rail kits must match quantity of Sun Fire X4600. Slide rail kit ONLY fits Sun Fire X4600. RoHS 6.	9	1		
	X311L	NORTH AMERICAN/ASIA PWRCD RoHS	36	1		
	X8121A-Z	X-OPTION 4 GB Memory kit DDR-400 Registered ECC DIMMs (2x2GB) for Sun Fire X4600 x64 servers. RoHS-5.	72	2	67,700	97,48,800
		Sub-Total				6,89,85,720
	W9D-A67-4-3G	SF X4600 4U UPG 3 YR GOLD	9		1,92,600	17,33,400
		Total				7,07,19,120
		VAT @ 4%				
		TOTAL (A)				7,35,47,885

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 3, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
B.	SAN SWITCH					

	SG-XSWBRO200E-8P-Z	Brocade SW200E (16 port capable) 4Gb Fibre Channel switch with eight ports enabled. Full fabric capability is enabled. Also includes Web tools and Advanced Zoning. Eight 4Gb shortwave SFPs and US power cord included. Rackmount kit or cables are not included. RoHS-5 compliant.	2	2		
	XTACSM2-RK-3RU-19U	Sun CSM200 - 3U Rack Kit, X	2	2		
	X320A	NO AMERICA/ASIA 220 PWR CRD KT	4	2		
	SG-XSWBRO200E-PERF	License key for the Silkworm SW200E switch which allows the switch to support Fabric Watch, Advanced Performance Monitor and Trunking. This part number includes a transaction code which will enable the customer to receive a license key from a web site.	2	2		
	SG-XSWBRO3X50-RK-Z	Brocade SW3X50 Rack Kit	2	2		
		Sub-Total (i)			15,95,000	63,80,000
	EIS-SWITCH16-E	INSTALL FC SWITCH 16 PORT CHARGE	2	2		
	W9D-BR200E-3G	BROC 200E UPG 3 YR GOLD	2	2		
		Sub-Total (ii)			1,20,000	4,80,000
		Total				68,60,000
		Vat @ 4%				2,74,400
		TOTAL (B=i +ii)				71,34,400
C.	SAN ARRAY					
	TA6540-BCAB-38-OZ	STK 6540 Base cabinet	1	2	4,77,972	9,55,944
	TACSM2M01A0X4800	RoHS-5, Sun StorageTek (tm) CSM200, Rack-Mounted Expansion Tray, 4800GB, 16 * 300GB 10Krpm 2Gb FC-AL Drives, 2 * I/O Modules, 2 * redundant AC power supplies and cooling fans, 2 * copper FC ports for expansions, 2 * 2M copper cables, (For factory integration only)	3	2	27,29,958	1,63,79,748
	TACSM2M01A0A8000	RoHS-5, Sun StorageTek (tm) CSM200, Rack-Mounted Expansion Tray, 8000GB, 16 * 500GB 7.2Krpm SATA Drives, 2 * I/O Modules, 2 * redundant AC power supplies and cooling fans, 2 * copper FC ports for expansions, 2 * 2M copper cables, (For factory integration only)	6	2	12,84,545	1,54,14,540

	TA6540M11A2-04FCZ	Rack-Mount StorageTek 6540 4Gb Control Module (controller tray) with 4GB-cache memory. It includes: 2 * 2GB-cache memory FC RAID Controllers; 2 * redundant 375 W power supplies, each with 2 * redundant cooling fans; 8 * FC ports for expansion trays and 8 * optical FC host ports with shortwave SFPs; 1* interconnect - battery canister, with 2 battery packs; At least one CSM2 drive tray required. RoHS-5	1	2	4,16,378	8,32,756
	TACSM2-RK-3RU-19U	RoHS 6, Sun StorageTek (tm) 6140 array / CSM200, 3U Rack Rail Kit for standard 19-inch system cabinets and racks including the Sun Rack 900/1000 racks (For factory integration only)	9	2	20,835	3,75,030
	5146A	Power Cable, Outside No. Amer., Sun Rack PDS. Plug IEC309 IP44 16A, 3 Pin (Four 16A cables) [For XATO] This Product is Hazard Class Y, RoHS compliant.	1	2	8,140	16,280
		Sub-Total (i)				3,39,74,298
	W9D-ST6540-4-3G	STK 6540 4GB CNTL UPG 3YR GOLD	1	2		
	W9D-STCSM2-3G	STK CSM200EXP UPG 3YR GOLD	1	2		
	EIS-ARRAY-TRAY-E	INSTALL ARRAY PER TRAY	1	2		
	EIS-6540CSMARR-E	INSTALL SE6540/CSM BASE CHARGE	1	2	3,20,000	6,40,000
		Sub-Total (ii)				3,46,14,298
		VAT @ 4%				13,84,572
		TOTAL (C=i + ii)				3,59,98,870
D.	TAPE LIBRARY					
	SG-XLIBLTOS-C4-Z	Sun Storage Tek [TM] C4 LTO SCSI tape library base, RoHS-6 compliant, 2 LTO drive bays, 38 cartridge slots; 4U rackmount. FC connectivity supported via optional FC bridge.	1	2		
	SG-XMEDLTOUNVCL-10	LTO Univ. Cleaning Cart. 10 PK	1	2		
	SG-XMEDLTO3-10	LTO 3 data carts-10 pack	1	2		
	SG-XFCCARD2-C-Z	C4 FC card option-2Gb	1	2		
	SG-XREDPWR-C-Z	C4 redundant power supply	1	2		
	SG-XTAPLTO3S-C-Z	C4 LTO 3 SCSI drive	1	2		
	X1136A-Z	Cable, SCSI, VHDCI/VHDCI, 0.8m	1	2		
		Sub-Total (i)			10,95,600	21,91,200
	EIS-C4TAPE-E	INSTALL C4 TAPE LIBRARY	1	2	41,000	82,000
	W9D-C4BSEDR-3G	C4 Library UPG 3 Yr Gold	1	2	2,99,070	5,98,140
		Sub-Total (ii)				28,71,340
		VAT @ 4%				1,14,854
		TOTAL (D=i+ii)				29,86,194
E.	VM WARE					

	VI-ENT-C	VMware Infrastructure 3 Enterprise for 2 processors; additive licenses: Includes ESX Server 3, Virtual Center Agent, Virtual SMP, VMFS, Vmotion, HA, DRS, Consolidated Backup	72	2	2,72,000	3,91,68,000	
	VI-ENT-P-SSS-C	VMware Platinum Support/Subscription: Platinum Support/Subscription* for VMware Infrastructure Enterprise for 2 Processors	72	2	72,000	1,03,68,000	
		Sub-Total				4,95,36,000	
		VAT @ 4%				19,81,440	
		TOTAL (E)				5,15,17,440	
F.	INTEGRATION CHARGES						8,00,000
	Service Tax @ 12.24%						97,920
	TOTAL (F)						8,97,920
G.	GRAND TOTAL (B+C+D+E+F)						9,85,34,824

Name of Supplier: Veeras Infotek Private Ltd., 5B, Kences Towers, # 1, Ramakrishnan Street, T. Nagar, Chennai. Quotation Reference no. 715 dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
H.	OS, BACK-UP & DISASTER RECOVERY SOFTWARE, HIGH AVAILABLE WEB SWITCHES					
	Windows 2003	Microsoft Windows Std 2003 R2 English Server only	60	2	27,000	32,40,000
		VAT @ 4%				1,29,600
		TOTAL				33,69,600

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 3, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
I.	VERITAS BACK-UP SOFTWARE					
	A159778-100000	NetBackup Server, Windows, Server, v6.0, License Tier 1	1	2	71,300	1,42,600
	W159778-100212	NetBackup Server, Windows, Server, v6.0 Tier 1 Extended Support, 1 Yr 24x7	1	2	16,400	32,800
	A131298-0LB000	Backup Exec, Windows, Agent for Oracle on Windows Servers with Client Access License, v10, License	20	2	75,000	30,00,000
	W131308-0LB212	Backup Exec, Windows, Agent for Oracle on Windows Servers with Client Access License, v10 Extended Support, 1 Yr 24x7	20	2	15,000	6,00,000
	A159878-000000	NetBackup Client, Windows, Protect Server, v6.0, License	60	2	21,400	25,68,000
	W159878-000212	NetBackup Client, Windows, Protect Server, v6.0 Extended Support, 1 Yr 24x7	60	2	4,950	5,94,000

A131208-OLB000	Backup Exec, Windows, Advanced Open File Option with Client Access License, v10, License	5	2	25,000	2,50,000
W131208-OLB212	Backup Exec, Windows, Advanced Open File Option with Client Access License, v10 Extended Support, 1 Yr 24x7	5	2	6,000	60,000
A131218-OLB000	Backup Exec, Windows, Desktop and Laptop Option, 100 Desktop/Laptops, v10, License	1	1	4,00,000	4,00,000
W131218-OLB212	Backup Exec, Windows, Desktop and Laptop Option, 100 Desktop/Laptops, v10 Extended Support, 1 Yr 24x7	1	1	4,00,000	4,00,000
A159858-100000	NetBackup Server, Windows, SAN Media Server, v6.0, License Tier 1	2	2	89,100	3,56,400
W159858-100212	NetBackup Server, Windows, SAN Media Server, v6.0 Tier 1 Extended Support, 1 Yr 24x7	2	2	20,500	82,000
	Sub-Total (i)				84,85,800
Veritas DR SITE					
Veritas	Volume replicator single host ,Different geography per host	20	1	6,00,000	1,20,00,000
	Extended Support	20	1	1,55,000	31,00,000
	Sub-Total (ii)				2,35,85,800
	VAT @ 4%				9,43,432
	TOTAL (I = i + ii)				2,45,29,232
J.	WEB SWITCHES				
	LOAD BALANCER-PRIMARY				
CSS11503-AC	Cisco 11503 Content Services Switch SCM-2GE HD AC	1	1	815,000	8,15,000
S11K-500ST-8.1	WebNS 8.1X Standard Feature Set for CSS 11500 Platforms	1	1		
S11K-SEC2-K9	WebNS Secure Management License: Enables Strong Encryption	1	1		
CAB-ACE	Power Cord Europe	1	1		
CSS5-IOM-16FE	CSS11500 Fast Ethernet IO Module: 16 Port TX	1	1	425,000	4,25,000
CSS5-SSL-K9	CSS11500 SSL Module (Strong Encryption)	1	1	515,000	5,15,000
S11K-LCC-8	WebNS License Claim Certificate: for V8.XX or higher	1	1		
CSS5-SCM-2GE	CSS11500 System Control Module 2GE HD, Order 0-2 CSS5-GBIC	1	1	575,000	5,75,000
GLC-T	1000BASE-T SFP	2	1	19,500	39,000
CSS5-MEM-144U288	CSS11500 Upgrade: 144MB to 288MB RDRAM	1	1	72,000	72,000
CSS5-MEM-144	CSS11500 Memory 144MB RDRAM	1	1		
CSS5-FD-1GB	CSS 11500 PCMCIA Flash Disk 1Gb	1	1	98,000	98,000
CON-SNTP-11503AC	24x7x4 Svc, 11503 Cnt Svcs Switch Chassis AC	1	1	165,000	1,65,000
CON-SNTP-	24x7x4 Svc, CSS11500	1	1	78,000	78,000

	CSS5IOM16	Fast Enet IO Mod: 16 Pt TX				
	CON-SNTP-CSS5SCM2G	24x7x4 Svc, CSS11500 SCM 2GE, No Disk, Order Disk	1	1	97,500	97,500
	CON-SNTP-CSS5-SSLK	24x7x4 Svc CSS11500 SSL Module	1	1	82,590	82,590
		Sub Total (i)				29,62,090
Second Data Centre SLB (SSL will be terminated on the CSS, freeing Server Resources)						
	CSS11501S-K9	Cisco 11501 Content Services Switch with SSL, Hard Disk, AC	1	1	982,000	9,82,000
	S11K-500ST-8.1	WebNS 8.1X Standard Feature Set for CSS 11500 Platforms	1	1		
	S11K-SEC2-K9	WebNS Secure Management License: Enables Strong Encryption	1	1		
	CAB-ACE	Power Cord Europe	1	1		
	GLC-T	1000BASE-T SFP	1	1	19,500	19,500
	S11K-LCC-8	WebNS License Claim Certificate: for V8.XX or higher	1	1		
	CSS5-MEM-144U288	CSS11500 Upgrade: 144MB to 288MB RDRAM	1	1	72,000	72,000
	CSS5-FD-1GB	CSS 11500 PCMCIA Flash Disk 1Gb	1	1	98,000	98,000
	CON-SNTP-CSS11501S	24x7x4 Svc Cisco 11501 Content Services Switch with SSL,	1	1	174,500	1,74,500
		Sub Total (ii)				13,46,000
Global Site Selector (Load Balancing among two data centre) (Two numbers for high availability)						
	GSS-4492R-K9	Global Site Selector	2	1	945,000	18,90,000
	SF-GSS-V1.3-K9	GSS version 1.3	2	1		
	CAB-ACE	Power Cord Europe	2	1		
	CON-OSP-GSS4492R	ONSITE 24X7X4 Global Site Selector	2	1	205,000	4,10,000
		Sub Total (iii)				23,00,000
		Total (i+ii+iii)				66,08,090
		VAT @ 4%				2,64,324
		TOTAL (I)				68,72,414
K.	INTEGRATION CHARGES					8,00,000
	Service Tax @ 12.24%					97,920
	TOTAL					8,97,920
L.	GRAND TOTAL (I+J+K)					3,22,99,566
M.	GRAND TOTAL (A+B+C+D+E+F+G+H+I+J+K)					20,77,51,875
	Say (Rs. in lakhs)					2077.52

I.	TOTAL EQUIPMENTS (UNDER STPI SCHEME)	2947.75
II.	TOTAL EQUIPMENTS (UNDER NON-STPI SCHEME)	2077.52
	TOTAL COST OF EQUIPMENTS (I + II)	5025.27

Based on the past trend in fluctuation in Exchange rates over the last 6 months, the Company has provided for 5% towards escalation clause on equipments being purchased in US Dollars under STPI Scheme under the assumption that the US Dollars may appreciate by 5%. In the event, the rates fluctuate over and above the estimated fluctuation rates; the Company shall meet the extra cost out of its internal accruals.

The Company is yet to place orders for the above equipments.

3. **Equipments for software programmers, calling agents, and the management team for BPO services:**

The details of the equipments required for software programmers, calling agents, and the management team are as follows:

Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
DESK-TOP						
A.	LENOVO HIGH END WORKSTATION					
	LENOVO HIGH END WORKSTATION	Lenovo Desktop: Lenovo Think Centre: P4 2.8 GHZ Dual Core/Intel 946 GZ Motherboard /1 MB L2 cache/1 GB DDR RAM/80 GB SATAHDD/Keyboard/ Mouse/Lenovo 17" TFT Monitor /Microsoft Win XP Professional	40	1	46,000	18,40,000
		Sub-Total				18,40,000
		VAT @ 4%				73,600
		TOTAL (A)				19,13,600

Name of Supplier: Veeras Infotek, 5B, Kences Towers, # 1, Ramakrishnan Street, T. Nagar, Chennai. Quotation ref no. dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
B.	Microsoft Server Std 2003 R2 English		20	2	27,000	10,80,000
	Windows Server Client Access License (CAL) 2003 English		500	1	1,300	6,50,000
	Windows Exchange Server 2007 Std		1	1	26,900	26,900
	Exchange Client Access License (CAL) 2007 English OLP LL		500	1	2,400	12,00,000
	Windows SQL Server Std 2005		3	2	2,67,000	16,02,000
	Microsoft Terminal Server Client License		500	1	1,200	6,00,000
	Antivirus package and licenses	McAfee Total Protection for Small Business — Advanced	500	1	3,560	17,80,000
	Antispam Solution for the Mail Server	Trendmicro Antispam for Exchange	500	1	1,335	6,67,500
		Sub Total				76,06,400
		VAT extra @ 4%				3,04,256
		TOTAL (B)				79,10,656



Name of Supplier: Fourth Dimension Technologies Private Ltd., 9, Srirangam Avenue, 85, Pantheon Road, Egmore, Chennai – 600 008. Quotation dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
C.	IBM Server: Development	7979H5A: x3650(RACK MODEL) Intel Dual Core Xeon 5063 3.2GHz/1066MHz, 2x2MB L2 cache/4 GB PC2 5300 667 MHZ ECC Chipkill DDR 2 RAM 2x 146 GB 3.5' 10 K RPM SAS HDD, SR 8k-I, DVD Combo, 835 p/s	4	1	2,35,000	9,40,000
	Sun Solaris Unix	Sun V480 Unix Server with 4GB Memory, Dual 73GB hard disks and accessories	4	1	8,50,000	34,00,000
		Sub-Total				43,40,000
		VAT @ 4%				1,73,600
		TOTAL (C)				45,13,600

Name of Supplier: Veeras Infotek, 5B, Kences Towers, # 1, Ramakrishnan Street, T. Nagar, Chennai. Quotation ref no. dated January 9, 2007.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
D.	MS Visual .Net	Microsoft .Net software per server license	4	1	45,000	1,80,000
	Windows Server Client Access Licence (CAL) 2003 English	Windows	40	1	1,300	52,000
	Microsoft Server Std 2003 R2 English	Windows 2003 Server with 40 CAL	8	1	27,000	2,16,000
		Sub Total				4,48,000
		VAT extra @ 4%				17,920
	Total (D)		INR		4,65,920	

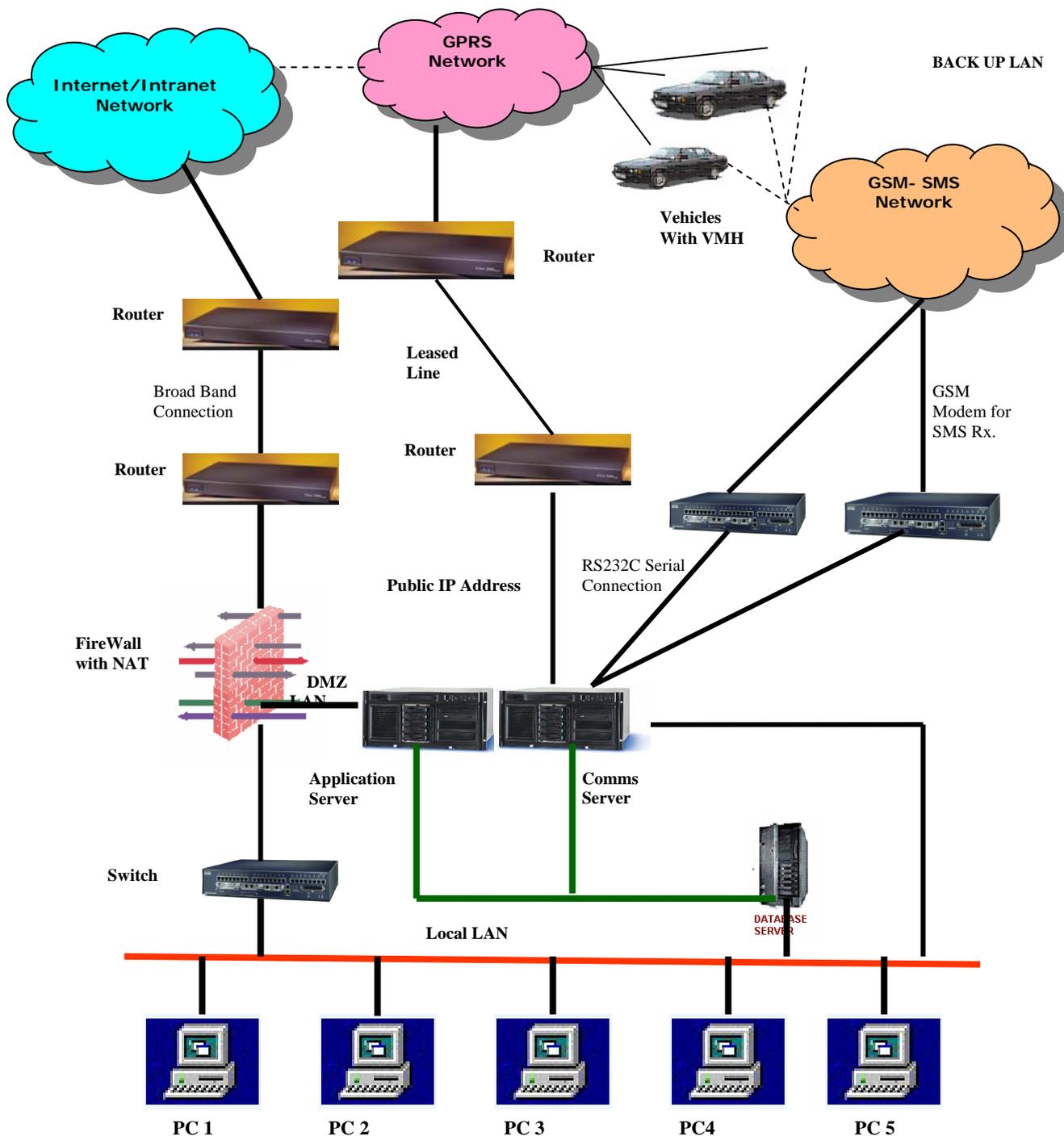
E.	ITES / BPO GRAND TOTAL (A+B+C+D)					1,48,03,776
	Say					148.04

The Company is yet to place orders for the above equipments.

4. Equipments for FleeTrac services:

FleeTrac

Configuration for FleeTrac

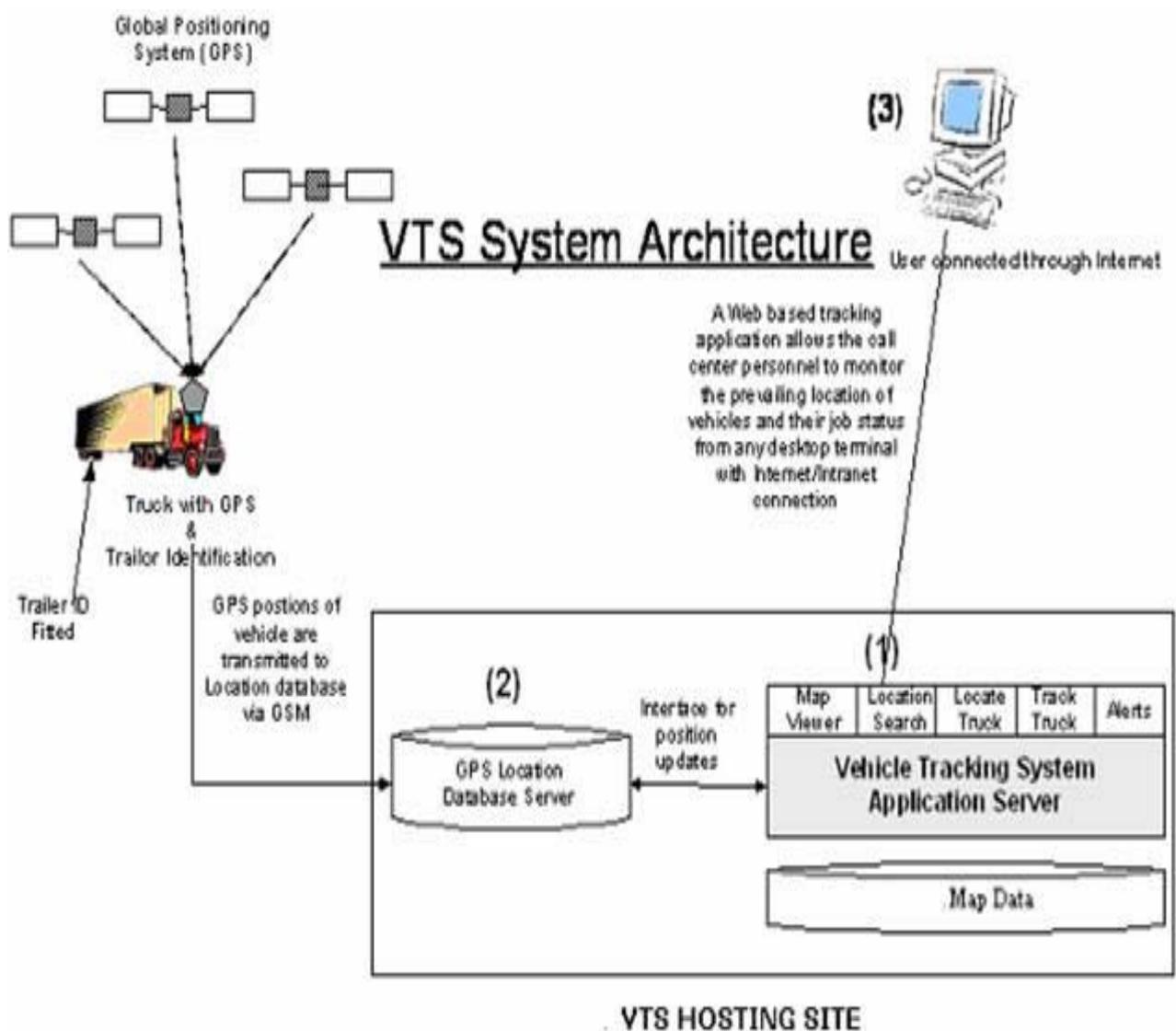


The Fleet tracking System can enhance the productivity as-well-as curb expenses by measuring and managing the Logistics related key entities like, vehicle, driver and route management. Fleet management along with Telemetric inputs results in substantial saving in terms of finance and productive time. Almost real-time monitoring of vehicle movement helps to ensure complete safety to the goods/truck during transit. The solution helped in scheduling the dispatch, job & vehicle allocation, dispatch management and route planning

for smoother logistics management and higher customer service. This system helps having a close watch on Driver behaviour thus increasing the productivity, safety and Environments aspects of the goods that would be carried on these trucks.

Benefits:

- Minimize paper work.
- Minimize manual intervention.
- Help understand the utilization of trucks & their productivity.
- A tool that helps verify on payments to drivers based on the trips claimed, Hours on duty etc.
- Substantial reduction in maintenance costs.
- Geo-Fence as a delivery proof helps the user to understand the time at which the vehicle entered the premise and exited the premises and inform about the time spent.
- SMS-based query to find the vehicle with location, date and time stamp helps to know vehicle location using a mobile phone.



About The System:

The components of the system are:

- Fleet tracking system.
- Real time and History Fleet tracking system.
- Managing the Delivery and Dispatch in real time.
- Periodical Analysis and Reporting System on Vehicle and Driver behaviour.
- Trailer Tracking System

Real-time Fleet tracking system provides vehicle location at any given point of time. Fleet tracking system enables collection of location and telemetric data at regular interval. The data thus collected in the vehicle-mounted hardware is transferred to control room at any given point of time using wireless communication technology.

The Fleet tracking System also enables to visualize and analyze the data received from the vehicle-mounted hardware. The comprehensive Fleet management control room application should allow users to visualize their vehicle location on any map using Geographical Information System engine. The data analysis and report modules would cover various aspects of logistics like vehicle, driver, customer, route, trip etc. by connecting to a back-end system.

The details of the equipments for the FleeTrac services shall be as under:

Sl. No.	Equipment	Unit Price (in US\$)	Qty.	Estimated Expense (in US\$)	Estimated Expense converted to INR
1.	GPRS/GPS compact for Fleet Management Application	165.00	40,750	67,23,750.00	
	Tax @ 21%			14,11,987.50	
	TOTAL COST			81,35,737.50	36,08,19,958
	TOTAL COST (SAY)				Rs. 3608.20 lakhs
	Add: Contingency cost @ 5% on account of appreciation in US Dollars				180.41
	TOTAL				3788.61

* Exchange Rate = US\$ 1 = Rs. 44.35

GPRS/GPS set includes:

- End Unit Set
- Internal Back-up Battery
- Dallas Kit
- GPS Simulator Cable
- Simulator & Harness
- Cross Plug & Cable
- USB converted for RS232
- Harness & Accessories
- Hands Free Kit
- Interconnection Cable
- HASP
- Demo Com App S/W
- Pi Cable

Supplier: Quotation dated July 19, 2007 has been received from Cellocator Ltd., 19, Hamelacha St., Afeq Industrial Park, Rosh-Haayin, Israel 48091.

The above quotation is valid for 180 days from the date of the Offer. The Company is yet to place order for the above equipments.

Equipments for FleeTrac Services worth Rs. 44.22 lakhs have been purchased from domestic suppliers. Equipments for the balance amount of Rs. 3744.39 lakhs shall be imported from the above supplier.

ORDERS PLACED AND EQUIPMENTS RECEIVED

- A. The details of the equipments required for the Network Operating Centre, that do not fall under the STPI Scheme, is as follows:

Network Operation Centre

i.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
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A.

ii.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
A. SERVER						
SERVER, VM WARE, STORAGE & BACK-UP						
1.	A67-QGZ8-4S-032CB1	Sun Fire X4600 x64 server: 8x AMD Opteron Model 885 processor, 16x 2GB DDR1-400 memory, 2x73 GB SAS drive, DVD-ROM, 4x PSU, Service Processor, 4x 10/100/1000 BaseT Ethernet ports, 4xUSB 2.0 ports, 2x PCI-X slots, 6x PCI-E slots (4x8-lane, 2x4-lane). No power cord, must order Geo- specific power cord option, RoHS-5. Standard Configuration. Includes a slide rail kit (no charge item). Order one slide rail kit separately for one Sun Fire X4600 server. Slide rail kit marketing part #: X8095A-Z	1	1	31,26,765	31,26,765
	SG-XPCIE2FC-QF4	Sun Storage Tek PCI-E Enterprise 4Gb FC host bus adapter, Dual channel includes standard and low profile brackets, low profile form factor. RoHS 6 compliant	1	1	1,64,175	1,64,175
	X8095A-Z	X-OPTION Slide rail kit for Sun Fire X4600 x64 servers. Included with Sun Fire X4600 standard configurations but ordered separately. Must be on same order with the Sun Fire X4600. Quantity of slide rail kits must match quantity of Sun Fire X4600. Slide rail kit ONLY fits Sun Fire X4600. RoHS 6.	1	1		
	X311L	NORTH AMERICAN/ASIA PWRCO RoHS	4	1		
	X8121A-Z	X-OPTION 4 GB Memory kit DDR-400 Registered ECC DIMMs (2x2GB) for Sun Fire X4600 x64 servers. RoHS-5.	4	2	67,700	5,41,600
		Sub-Total				38,32,540
		VAT @ 4%				1,53,302
		TOTAL				39,85,842

Order for the above Equipments were placed on Fourth Dimension Tech Private Limited vide Purchase Order No. 84/srv dated April 27, 2007. The equipments have been purchased and received vide Invoice cum Delivery Challan No. 230 dated May 30, 2007.

iii.

Sl. No.	Name of Equipment	Description	Qty	No. of Locations	Unit Price (Rupees)	COST (Rupees)
A. VM WARE						

	VI-ENT-C	VMware Infrastructure 3 Enterprise for 2 processors; additive licenses: Includes ESX Server 3, Virtual Center Agent, Virtual SMP, VMFS, Vmotion, HA, DRS, Consolidated Backup	4	2	2,72,000	21,76,000
	VI-ENT-P-SSS-C	VMware Platinum Support/Subscription: Platinum Support/Subscription* for VMware Infrastructure Enterprise for 2 Processors	4	2	72,000	5,76,000
		Sub-Total				27,52,000
		VAT @ 4%				1,10,080
		TOTAL				28,62,080

Order for the above Equipments were placed on Fourth Dimension Tech Private Limited vide Purchase Order No. 84/srv dated April 27, 2007. The equipments have been purchased and received vide Invoice cum Delivery Challan No. 230 dated May 30, 2007.

TOTAL EQUIPMENTS (UNDER NON-STPI SCHEME)

Rs. 108.34 lakhs

B. Equipments for FleeTrac services:

i.

SI. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	STEPP II GPRS/GPS Vehicle Tracking Unit	14,900	10	1.49
	VAT @ 4%			0.06
	TOTAL COST			1.55

Order for the above Equipments were placed on Hetrogenous, # 29, 2nd Main Road, South Beach Avenue, MRC Nagar I, Chennai – 600 028 vide Purchase Order No. 69 dated March 10, 2007. The above equipments have been purchased and received vide Invoice No. 69 dated April 6, 2007.

ii.

SI. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	STEPP II GPRS/GPS Vehicle Tracking Unit	14,900	82	12.22
	VAT @ 4%			0.49
	TOTAL COST			12.71

Order for the above Equipments were placed on Hetrogenous, # 29, 2nd Main Road, South Beach Avenue, MRC Nagar I, Chennai – 600 028 vide Purchase Order No. 69 dated March 10, 2007. The above equipments have been purchased and received vide Invoice No. 2007-08/004 dated April 17, 2007.

iii.

SI. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	STEPP II GPRS/GPS Vehicle Tracking Unit	14,900	25	3.72
	VAT @ 4%			0.15
	TOTAL COST			3.87

Order for the above Equipments were placed on Hetrogenous, # 29, 2nd Main Road, South Beach Avenue, MRC Nagar I, Chennai – 600 028 vide Purchase Order No. 69 dated March 10, 2007. The above equipments have been purchased and received vide Invoice No. 2007-08/014 dated May 31, 2007.

iv.

Sl. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	STEPP II GPRS/GPS Vehicle Tracking Unit	14,900	75	11.18
	VAT @ 4%			0.44
	TOTAL COST			11.62

Order for the above Equipments were placed on Hetrogenous, # 29, 2nd Main Road, South Beach Avenue, MRC Nagar I, Chennai – 600 028 vide Purchase Order No. 69 dated March 10, 2007. The above equipments have been purchased and received vide Invoice No. 2007-08/017 dated June 15, 2007.

v.

Sl. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	STEPP II GPRS/GPS Vehicle Tracking Unit	14,900	70	10.43
	VAT @ 4%			0.42
	TOTAL COST			10.85

Order for the above Equipments were placed on Hetrogenous, # 29, 2nd Main Road, South Beach Avenue, MRC Nagar I, Chennai – 600 028 vide Purchase Order No. 69 dated March 10, 2007 and 109 dated June 9, 2007. The above equipments have been purchased and received vide Invoice No. 2007-08/010 dated July 12, 2007.

vi.

Sl. No.	Equipment	Unit Price (in Rs.)	Qty.	Cost (Rs. in lakhs)
1.	AMI Falcons VTS Gadget	14,078	25	3.52
	CST @ 3%			0.10
	TOTAL COST			3.62

Order for the above Equipments were placed on American Megatrends India Private Limited, Kumarn Nagar, Semmancherry, Off Old Mahabalipuram Road, Chennai – 600 019 vide Purchase Order No. 76 dated May 31, 2007. The above equipments have been purchased and received vide Invoice No. 5/2007-2008 dated July 10, 2007.

TOTAL EQUIPMENTS FOR FLEETRAC SERVICES Rs. 44.22 lakhs

Summary of Orders:

Sl. No.	Particulars	Value (Rs. In lacs)	%age
A.	Total Cost of Equipments:	8961.92	100.00%
	Domestic	2289.67	25.55%
	Imported	6672.25	74.45%
B.	Value of Equipments ordered & received:	152.56	1.70%
	Domestic	152.56	1.70%
	Imported	-	-
C.	Value of Orders yet to be placed:	8809.36	98.30%
	Domestic	2137.11	23.85%
	Imported	6672.25	74.45%

The Cost of Equipments stated above is inclusive of contingency costs.

The Company has relied on quotations received from various suppliers for orders yet to be placed. Where more than one quotation has been sought, the Company has indicated the

lowest of such quotations. The Company is also negotiating with several suppliers and, although highly unlikely, the actual supplier may vary from the one mentioned above.

Further, The Company has not bought or does not propose to buy any second hand Equipment out of the Issue proceeds.

5. **Setting up offices for Marketing, Client Support and network Support in Indian cities:**

The Company intends to facilitate its efforts to become a leading player in the Indian IT-ITES space. The Company intends to enhance its capabilities in, technology expertise and geographical presence by setting up countrywide network of Sales and Support offices.

Sl. No.	Particulars	Metros	A Class Cities	B Class Cities	TOTAL (Rs. lakhs)
A.	Number of Offices	5	20	5	30
B.	Rental per annum (Rs. lakhs)	6.00	4.20	1.80	
C-i	Deposit (Rs. lakhs)	6.00	4.20	1.80	
ii	EPABX/Phones (Rs. lakhs)	2.50	2.50	2.00	
iii	Computers etc. (Rs. lakhs)	8.50	8.00	7.50	
iv	Office Furnishings	12.00	8.40	7.20	
	Sub-Total (C)	29.00	23.10	18.50	
D.	Grand Total (A x C)	145.00	462.00	92.50	699.50

6. **General Corporate Purposes:**

The long-term goal of the Company is to expand its operations in the IT-ITES sector. The Company is continuously looking for opportunities to grow and towards this a portion of the proceeds of the Issue will be used to meet its general corporate purposes which include but are not restricted to marketing and brand-building, hiring and training key employees, improvement in Company's processes, enhancing its operational infrastructure, working capital requirements, the expansion of existing facilities both within India and outside India, directly or through the subsidiaries, acquisition of businesses and such other activities.

7. **Expenses of the Issue:**

The expenses of this issue include, among others, management fees, selling commissions, printing and distribution expenses, legal fees, statutory, advertisement expenses and listing fees. The estimated issue expenses are as follows:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Sl. No.	Activity	Estimated Amount (Rs. in lakhs)	% of Total Expenses
1.	Fees of BRLM	[•]	[•]
2.	Underwriting commission	[•]	[•]
3.	Brokerage & Selling commission	[•]	[•]
4.	Advertisement & Marketing expenses	[•]	[•]
5.	Printing and Stationery, Distribution, postage etc	[•]	[•]
6.	Fees of Registrar to the issue	[•]	[•]
7.	Other Expenses (including legal fees, filing fees, listing fees, depository charges etc)	[•]	[•]
	Total estimated Issue expenses	[•]	[•]

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution.

SCHEDULE OF IMPLEMENTATION

The procurement of land, site development, construction of office building, procurement of various equipments and accessories etc., designing the areas and equipment foundations, award of all contracts and supervision of all construction jobs at the site involves considerable co-ordination and efficiency. The implementation schedule has been drawn up to maintain a strict time schedule.

The Schedule is as follows:

SI. No.	ACTIVITIES	COMMENCEMENT/ EXPECTED COMMENCEMENT DATE	EXPECTED COMPLETION DATE
A.	Purchase of Land	May, 2005	Sept, 2007
	Setting up of Office Building	Sept, 2007	October, 2007
B.	NOC Infrastructure:		
	Placement of Order for Equipments	April, 2007	August, 2007
	Delivery of Equipments	May, 2007	October, 2007
	Installation of Equipments	June, 2007	November, 2007
	Integration of set-up	July, 2007	November, 2007
	Testing of set-up	July, 2007	December, 2007
C.	ITES/BPO Infrastructure:		
	Placement of Order for Equipments	Sept, 2007	Sept, 2007
	Delivery of Equipments	September, 2007	October, 2007
	Installation of Equipments	October, 2007	November, 2007
	Integration of set-up	November, 2007	November, 2007
	Testing of set-up	December, 2007	December, 2007
D.	Purchase of FleeTrac equipments	June, 2007	December, 2007
E.	Setting up of Sales & Support Offices across India		
	Metro Cities : 05	September, 2007	December, 2007
	Class A Cities: 20		
	Class B Cities: 05		

The Year wise break-up of proposed deployment of funds (inclusive of IPO proceeds, but excluding Public Issue expenses of Rs. [•] lakhs) is mentioned hereunder:

(Rs. in lakhs)						
SI. No.	PARTICULARS	2005-06	2006-07	2007-08	Sub-Total	TOTAL
A.	Purchase of Land	35.00	50.00	1235.00	1320.00	
	Setting up of Office Building	-	2.25	845.78	848.03	
	Total				2168.03	2168.03
B.	NOC Infrastructure: STPI Scheme					
	Cost of Equipments	-	-	2938.78	2938.78	
	Integration of set-up	-	-	8.97	8.97	
	Total				2947.75	2947.75
	NOC Infrastructure: Non-STPI Scheme					
	Cost of Equipments	-	108.34	1951.24	2059.58	
	Integration of set-up	-	-	17.94	17.94	
	Total				2077.52	2077.52
C.	ITES/BPO Infrastructure:					
	Cost of Equipments	-	-	148.04	148.04	
	Integration of set-up	-	-	-	-	
	Total				148.04	148.04
D.	Purchase of FleeTrac equipments	-	44.22	3744.39	3788.61	3788.61

E.	Setting up of Sales & Support Offices across India					
	Metro Cities : 05					
	Class A Cities: 20	-	-	699.50	699.50	699.50
	Class B Cities: 05					
	TOTAL					11829.45

(As per management Estimates)

COST INCURRED TILL DATE

As per the certificate dated July 20, 2007 issued by the statutory auditors M/s P.C. Acharya & Co., Chartered Accountants, the Company incurred a sum of Rs. 239.81 lakhs till July 20, 2007 towards the proposed project. The details of the expenditure incurred and the source of funds for the same is given below:

(Rs. in Lakhs)	
Particulars	Cost Incurred
Advance paid for Land	85.00
Architect's Fees	2.25
Sun Fire X4600 Server, 2x2 GB Memory 2x73GB Hard Disk – 2 Units	79.72
VmWare for 2 processors includes ESX Server Virtual Center Agent consolidated back-up – 8 Licences	28.62
Vehicle Mounted Units (FleeTrac) – 300 Units	44.22
Total	239.81

These funds have been deployed from the internal accruals of the Company.

MONITORING OF UTILISATION OF FUNDS

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. The Audit Committee appointed by the Board of Directors will monitor the utilisation of the issue proceeds.

INTERIM USE OF FUNDS

Pending deployment of funds as described above, the proceeds of the issue shall be invested in high quality interest/ dividend bearing short term/ long term liquid instruments including deposits with banks for the necessary duration. The Company may also use the same to fund its working capital requirement on a temporary basis. These investments would be authorized by the Company's Board or duly authorized committee thereof. The Company may also use the same to fund its working capital requirement on a temporary basis.

viii. BASIC TERMS OF ISSUE

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

Public Issue of 38,35,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share for cash aggregating Rs. [•] lakhs, comprising of 2,00,000 equity shares of Rs. 10/- each reserved for the Eligible Employees (the “Employee Reservation Portion”) and a Net Issue to the Public of 36,35,000 equity shares of Rs. 10/- each being made through a 100% book building process.

The Pre-IPO placement has been completed prior to the filing of this Red Herring Prospectus with the RoC, and details of the same have been updated in this Red Herring Prospectus. For further details see “Capital Structure on page no.21 of this Red Herring Prospectus.

Details of the Issue structure are tabulated below:

	Employees Reservation Portion	QIB Bidders	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Upto 2,00,000 Equity Shares	At least 21,81,000 Equity Shares	Not less than 3,63,500 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 10,90,500 equity shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Issue size available for allotment/allocation	Up to 5.22 % of the Issue size or the Issue less Net Issue	At least 60% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only	Not less than 10% of Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 30% of Net Issue or the Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	20 Equity Shares and thereafter in multiples of 20 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter	20 Equity Shares and thereafter in multiples of 20 Equity Shares

		thereafter		
Maximum Bid	Up to 2,00,000 Equity Shares.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue where the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20
Who can apply ***	Eligible employees being permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Eligible employees forming part of the promoter/promoter group are not eligible to be treated as	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident	Companies, Corporate Bodies, Scientific Institutions Societies and Trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000)	Resident Indian Individuals, HUF (in the name of the Karta) and eligible NRIs applying for an amount up to Rs.1, 00,000.

	eligible employees	funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.		
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid Amount on bidding	At least 10% Bid amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM.

*** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid Cum Application Form.

Undersubscription in Equity Shares, if any, reserved for Employees would be included in the Net Issue and allocated in accordance with the description in Basis of Allocation as described in page no. 317 of this Red Herring Prospectus.

ix. BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 28.0 times the face value of the Equity Shares at the lower end of the price band and 29.5 times the face value at the higher end of the price band.

Investors should read the following summary along with the sections titled "Risk Factors" and "Financial Information" beginning on page nos. ix and 171 respectively of this Red Herring Prospectus, and other details about the Company included in the section entitled "Brief History of the Company and Other Corporate Matters" beginning on page no. 139 of this Red Herring Prospectus.

The trading price of the Equity Shares could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

- Dhanus has received registration for setting up a Vehicle Tracking System using Vehicle Mounted Unit (VMU) with an in-built equipped with a SIM Card with GPRS capability to work on GPS (Global positioning satellites) by the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India.
- There has been a tremendous growth in non-traditional telecom services and internet telephony services.
- India has emerged as one of the most preferred destinations for sourcing IT as well as business process outsourcing services.
- The outsourcing of business processes ("BPO") to third-party providers is a sizable and growing industry.
- BPO clients' are looking to focus on core competencies and reduce their involvement in administrative tasks and daily operational technicalities.
- The Company has a stable management setup with a strong focus on customer service and satisfaction.
- The Company believes that it has a unique customer service setup.
- The Company is a multi-vendor service provider and enjoys good and long term relationships with its principals.
- The Company has stable manpower with high level of employee satisfaction.
- The Company has been certified as ISO 9001:2000 compliant Company by Moody International Certification Limited certifying the Company's Quality Management System in the areas of BPO, Telecom Services – Voice/Non Voice, Information Technology, Information Technology Enabled Services and Vehicle Tracking Systems (Logistics).
- The Company has also been given a SE 1A rating indicating high performance capability and high financial strength by Dun & Bradstreet Information Services India Pvt. Ltd.

Quantitative Factors

Information presented in this section is derived from the Company's unconsolidated and consolidated restated financial statements prepared in accordance with Indian GAAP.

1. Adjusted Earnings Per Share (EPS) (As Restated)

Unconsolidated Basis:

Year	EPS (Rs.)	Weight
June 30, 2005	17.91	1
June 30, 2006	18.84	2
June 30, 2007	21.07	3
Weighted Average	19.80	

Consolidated Basis:

Year	EPS (Rs.)	Weight
June 30, 2006	18.84	1
June 30, 2007	18.99	2
Weighted Average	18.94	

2. **Price Earnings (P/E) Ratio in relation to Issue Price of Rs. 280/- per share (Lower end of Price Band)**

Unconsolidated Basis:

a. Based on results for Financial Year ended June 30, 2007, EPS is Rs. 21.07:	13.29
b. Based on weighted average, the EPS is Rs. 19.80:	14.14

Consolidated Basis:

a. Based on results for Financial Year ended June 30, 2007, EPS is Rs. 18.99:	14.74
b. Based on weighted average, the EPS is Rs. 18.94:	14.78

Price Earnings (P/E) Ratio in relation to Issue Price of Rs. 295/- per share (Higher end of Price Band)

Unconsolidated Basis:

a. Based on results for Financial Year ended June 30, 2007, EPS is Rs. 21.07:	14.00
b. Based on weighted average, the EPS is Rs. 19.80:	14.90

Consolidated Basis:

a. Based on results for Financial Year ended June 30, 2007, EPS is Rs. 18.99:	15.53
b. Based on weighted average, the EPS is Rs. 18.94:	15.58

Telecom Industry P/E (*)	
Highest (Idea Cellular)	120.7
Lowest (Nettlinx)	14.9
Industry Composite	45.4

Source: "Capital Market" Volume XXII/11 dated July 30-August 12, 2007, for the Category titled "Telecommunications-Service Provider"

P/E considered only for Companies, which are actively in business in the said sector.

3. **Return on Net Worth**

Unconsolidated Basis:

Year	RONW (%)	Weight
2004-05	65.54	1
2005-06	43.24	2
2006-07	28.59	3
Weighted Average	39.63	

Consolidated Basis:

Year	RONW (%)	Weight
2005-06	43.29	1
2006-07	26.53	2
Weighted Average	32.12	

4. **Minimum Return on Increased Net Worth to maintain pre-issue EPS**

Unconsolidated Basis:

Minimum Return on Increased Total Net Worth, after Issue, needed to maintain Pre-Issue EPS of Rs. 21.07 as on 30.06.07	
At the Issue Price of Rs. 280/- per share	18.50
At the Issue Price of Rs. 295/- per share	18.00

Consolidated Basis:

Minimum Return on Increased Total Net Worth, after Issue, needed to maintain Pre-Issue EPS of Rs. 18.99 as on 30.06.07	
At the Issue Price of Rs. 280/- per share	16.88
At the Issue Price of Rs. 295/- per share	16.41

5. **Net Asset Value (NAV) per Equity Share (In Rupees)**

Unconsolidated Basis:

As at 30.6.2007	62.59
Issue Price	[•]
After Issue	[•]

Unconsolidated Basis:

As at 30.6.2007	60.79
Issue Price	[•]
After Issue	[•]

Notes:

- The Earnings per Share and the average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.
- The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.
- Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.

6. **Comparison with Industry Peers**

Comparison of the accounting ratios of the issuer company as mentioned above with the peer group i.e., companies of comparable size in the same industry for the period ended 31st March 2007 is as follows:

Peer Companies	Equity Capital (Rs. Cr)	Sales (Rs. Cr)	Book Value (Rs.)	EPS (Rs) \$	P/E	RONW in %
Bharti Airtel	1897.15	17851.6	60.3	21.1	44.6	43.0
MTNL U	630.00	4923.4	184.6	10.2	15.6	5.2
Reliance Communications @	1022.31	12756.3	100.4	9.4	49.7	10.9
Tulip IT Services U	29.00	840.8	95.9	32.6	22.0	44.2
VSNL	285.00	4041.8	223.1	16.1	30.0	7.5
Dhanus Technologies Limited (as on 30.6.2007)	13.74	90.38	62.59	21.07	[•]	28.59
Dhanus Technologies Limited (as on 30.6.2007) Consolidated	13.74	92.13	60.79	18.99	[•]	26.53

Fiscal year for all the above companies, excepting Dhanus, was March 2007; Dhanus' Fiscal year closed on June 2007.

@- Figures for Reliance are for 15 month period ending March, 2007.

U - Figures for MTNL and Tulip IT Services are Unaudited.

\$ - Based on Twelve Months EPS for last fiscal year

P/E based on Market Price of 23.07.2007.

Source: "Capital Market" Volume XXII/11 dated July 30-August 12, 2007, for the Category titled "Telecommunications-Service Provider"

Since the Company is into the business of Teleservices, BPO/ITES, and Telematics business, there is no specific peer Company which is into all the above business domains. The Company, primarily, is a Telecommunications Service provider and therefore, it has been classified in that specific peer group. However, IT/ITES business forms a negligible or insignificant portion of the respective businesses of peer Companies in the above Industry segment. Telematics does not form a business component for any of the above peer Companies.

7. The face value of the shares is Rs. 10/- and the Issue price is [•] times of the face value.

The Book Running Lead Manager believes that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors beginning from page no. ix of the Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report beginning from page no. 171 of the Red Herring Prospectus to have a more informed view of the investment proposition.

x. STATEMENT OF TAX BENEFITS

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

To
Dhanus Technologies Limited
6-B, Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T Nagar
Chennai-600017

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to M/s Dhanus Technologies Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (provisions of Finance Act, 2007), and other direct and indirect 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. Hence, the ability of the Company or its 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 fulfill.

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

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We do not express any opinion or provide any assurance as to whether:

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

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

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

For P.C. ACHARYA & CO.
Chartered Accountants

P.C. Acharya
Proprietor
Membership No.: 210719

Date: July 20, 2007
Place: Chennai

TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

I. BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)

SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY:

1. Exemption under Section 10A

Under the provisions of Section 10A of the Act, a company which is engaged in the business of export of articles or computer software and which satisfies the prescribed conditions is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous years in which the undertaking/s begin to manufacture or produce such articles or things or computer software. The eligible deduction would be the amount which bears to the profits of the undertaking/s the same proportion as the export turnover of the undertaking/s bears to the total turnover of the undertaking/s. Profits on domestic turnover would get taxed. The benefit is available subject to fulfilment of conditions prescribed by the section and no benefit under this section shall be allowed to any assessee with respect to any such undertaking for the assessment year beginning on the 1st day of April 2010 and subsequent years.

However, STP Units availing of 100% tax exemption u/s. 10A/10B of the Income Tax Act, 1961, will now be required to pay Minimum Alternate Tax @ 10% for the year 2007-08 of their Book Profits. In other words, STP Units will not be allowed to deduct their profits arising from their export operations (i.e., U/s. 10A/10B), from their Book Profits, for the purposes of MAT u/s. 115JB of the Income Tax Act, 1961 with effect from the 1st day of April, 2008. The effective rate of MAT for STP Units which are domestic companies would be 11.33%.

2. Exemption under Section 10B

Subject to Compliance of certain conditions laid down in section 10-B of the Income Tax Act, 1961 the company will be entitled to the benefit of deduction from its total income chargeable to income tax, of an amount equal to 100% of Profits upto and including the Assessment Year 2009-2010, derived from the export of computer software out of India, the proceeds whereof are realized in convertible foreign exchange, to the extent calculated in accordance with the Provisions of that section. As per the provisions of this section, profits derived from the export of computer software means the amount which bears to the profits of the business of the undertaking, the same proportion as the export turnover bears to the total turnover of the business carried on by the undertaking. For this purpose the term computer software includes call center services, back office operation, data processing, payroll, remote maintenance, revenue accounting, support center, human resource services, insurance claim processing (as notified by the Central Board of Direct Taxes vide Notification number 11521 dated September 26, 2000). The Company since claims deductions u/s 10A, it cannot claim deduction u/s 10B.

GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY:

1. Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

2. Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

3. Exemption of Long-Term Capital Gain under Section 10(38)

According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

4. Depreciation under Section 32

In accordance with and subject to the provisions of section 32 of the Income tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the company, in terms of section 32(1)(iia), shall be entitled to claim depreciation @ 20% of actual cost on new plant and machinery acquired after 31st March, 2005.

5. Preliminary Expenses under Section 35D

In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

6. Premium Paid on Health Insurance under Section 36(1)(ib)

In terms of section 36(1)(ib) of the Act, with effect from April 1, 2007, the amount of any premium paid by cheque by the assessee as an employer to effect or to keep in force an insurance on the health of his employees under a scheme framed in this behalf by:

- a) the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972 and approved by the Central Government; or
- b) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999

is deductible expenditure and will accordingly apply in relation to the assessment year 2007-08 and subsequent years.

7. Exemption under Section 48

Under Section 48 of the Act, if investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under Section 10(38) of the Act), if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

8. Exemption of Long Term Capital Gain under Section 54EC

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds on or after 1st day of April 2007, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

9. Deduction under Section 80IA

The Company is eligible to deduction under section 80IA of the Act in respect of the profits and gains derived from the eligible projects (undertakings) of infrastructure development for a period of 10 consecutive years, falling within the first 15 years, beginning from the year in which eligible undertaking start developing the Infrastructure facility on complying with the conditions specified in the said section.

10. Deduction under Section 80IB

The Company is eligible to deduction under section 80IB of the Act in respect of the profits and gains derived from the developing and building housing project on complying with the conditions specified in the said section.

11. Lower Tax Rate under Section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

12. Lower Tax Rate under Section 112 on Long-Term Capital Gains

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

13. Benefits under Section 115JAA

Under Section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

Under the existing provisions of sections 234A, 234B and 234C, the assessee is held liable to pay simple interest at the rate of one percent for every month or part of a month for default in furnishing return of income, for default in payment of advance tax and for deferment of advance tax respectively. For the purposes of computing interest, credit for advance tax paid and tax deducted or collected at source is allowed. MAT credit under section 115JAA, relief of tax under section 90 and deduction from income-tax payable under section 91 are not taken into account while charging interest under the aforesaid sections. Under section 140A also interest is paid on shortfall of advance tax and for delay in furnishing return of income. However with effect from 1st April,2007 i.e., in relation to

the Assessment Year 2007-08 and subsequent years, reduction of MAT credit under section 115JAA, relief of tax under section 90 and 90A and deduction from income-tax payable under section 91 is allowed while calculating the interest U/s. 234A, 234B and 234C of the income tax act'1961.

GENERAL BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS:

1. Exemption under Section 10(32)

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

2. Exemption under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

3. Exemption of Long-Term Capital Gain under Section 10(38)

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

4. Capital Gains under Section 48

Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

5. Exemption of Long Term Capital Gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax, subject to a ceiling of Rs. 50 lakhs, if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

6. Rebate under Section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of Securities Transaction Tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

7. Lower Tax Rate under Section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

4. Exemption of Long Term Capital Gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax, subject to a ceiling of Rs. 50 lakhs, if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

5. Exemption of Long Term Capital Gain under Section 54F

Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6. Lower Tax Rate under Section 111A on Short-Term Capital Gains

Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

7. Lower Tax Rate under Section 112 on Long-Term Capital Gains

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:

1. Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

2. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
3. Under provisions of section 115G of the Act, it shall not be necessary for a Non- Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.
4. 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 provision of the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
5. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
6. As per Section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the Act to the extent they are more beneficial to the Non- Resident/ Non-Resident India.

GENERAL BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.
2. Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.
3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax, subject to a ceiling of Rs. 50 lakhs, if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

4. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act
 - Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
 - Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess)
 - Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.
6. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.
7. Provisions of the Act vis-à-vis provisions of the tax treaty: In terms of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to FIIs.

GENERAL BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

GENERAL BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

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

II. GENERAL BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

III. GENERAL BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958

Exemption from Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
2. 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 as amended by the Finance Act, 2006 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;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assure responsibility to update the views consequent to such changes.

**For P.C. ACHARYA & CO.
Chartered Accountants**

**P.C. Acharya
Proprietor
Membership No.: 210719**

Date: July 20, 2007
Place: Chennai

SECTION IV

ABOUT THE ISSUER COMPANY

i. INDUSTRY OVERVIEW

The information presented in this section has been sourced from publicly available documents and information from various sources, including materials from the Government of India, Ministries, websites of ministries, industry related websites and Company estimates. It is understood that the above sources are believed to be reliable, but their accuracy and reliability cannot be guaranteed. None of the information has been independently verified, although the industry, market and government data are considered reliable.

Information Technology is becoming a harbinger of change across various walks of life. Corporations, Governments, and individuals are adapting to the various technological products and services in order to derive more value from the existing systems and solutions. Ever-changing and exacting customer demands, globalization, rapidly changing economic and business scenarios along with the proliferation of Internet technologies are responsible for fuelling corporate's needs for technological solutions towards their business needs. To adequately address these needs, corporations are focusing on their core competencies and are using outsourced technology service providers to help improve productivity, develop new products, conduct research and development activities, reduce business risk, and manage operations more effectively.

Today the demand for such IT consulting, services and products can be mapped on a continuum varying from IT Infrastructure/Application Outsourcing to customized techno-business solutions. Again, these solutions will be on an array of technological platforms such as Microsoft, Oracle, Linux, Legacy (AS/400) systems, J2EE etc. This complexity of requirements versus technological platforms makes it all the more important for technology firms to have expertise across technologies as well as vertical expertise in terms of business and process understanding. Apart from services, the growth in this field has also accentuated the need for IT Infrastructure support services, such as managing the desktops, printers, networks, communications and other related infrastructure along with the setup and maintenance of security protocols, disaster recovery and business continuity infrastructure. Thus, Information Technology and Information Technology Enabled Services (IT-ITeS) industry is showing an excellent growth trajectory.

Global and Indian IT industry scenario

The global IT-ITES industry witnessed a growth rate of ~7% in the fiscal 2005 with the revival of the IT spending in the US, Western Europe and the emerging economies. This growth story was fuelled primarily by the Business Process Outsourcing (BPO) services. Services, comprising IT services, product engineering and BPO account for 58% of the worldwide aggregate spend and thus form the fastest growing segment of the industry. Hardware (28%) and software (14%) spending grew by 6.5% and 5.1% respectively.

The Indian IT-ITES industry is expected to exceed US\$ 36 billion in annual revenue in 2005-06, a growth of nearly 28 per cent. It has grown at a CAGR of over 28 per cent since 1999-2000. Over the same period, the industry's contribution to the GDP has risen from 1.9 per cent in FY 1999-2000 to a projected 4.8 per cent in fiscal 2006. The hardware, ITES-BPO, engineering and R&D services segments accounted for 21 per cent, 18 per cent and 14 per cent, respectively.

(Source: <http://ia.rediff.com/money/2006/feb/16ice.htm?q=bp&file=.htm>)

Indian IT Industry

IT revenue now is US\$ 13.5 billion and will be US\$ 87 billion by 2008 – IT export now US\$ 10 billion will be US\$ 50 billion by 2008.

- ❖ India has a 20% market share in the globalcountry customized software development market.
- ❖ Over 36 of the 58 companies in the world who have achieved SEI level maturity are in India.
- ❖ Majority of the well known multinational IT companies have either software development center or Research Development Center in India.
- ❖ One third of the e-commerce start ups in Silicon Valley continue to be by Indians.
- ❖ Over half of Fortune 500 companies are outsourcing their software requirements to India.

✦ IT has already emerged as the No.1 choice for career in India.

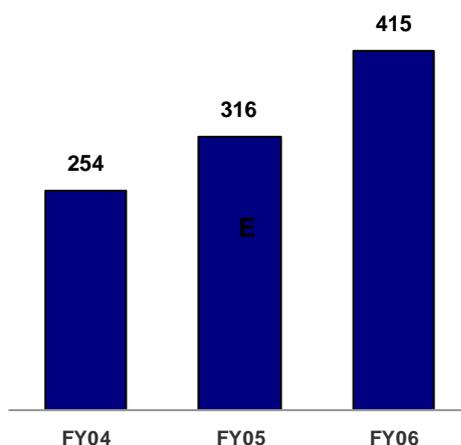
(Source: <http://www.indempan.org/english/india/business/industry.html>)

The Indian ITES-BPO Scenario

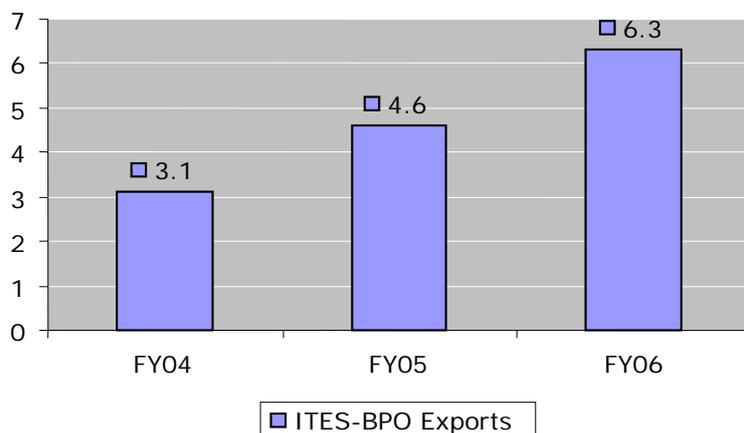
The Indian ITES-BPO segment continued to chart strong year-on-year growth at 37 per cent for FY 2005-06. Growth is being driven by a steady increase in scale and depth of existing service lines. There also has been addition of newer vertical specific services and emerging/ niche business services in the past year.

Key Highlights of Indian ITES-BPO sector performance

Employees ITES-BPO (in '000)



Exports ITES-BPO in USD billion



Indian ITES-BPO exports have grown to USD 6.3 billion in FY 2005-06, recording a growth of 37 per cent. It is expected to grow to USD 8-8.5 billion in FY 2006-07.

(Indian ITES-BPO Industry: NASSCOM Analysis;

Source: www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=28483)

Employment Trends

The total direct employment in the Indian IT-ITES sector is estimated to have grown by over a million, from 284,000 in FY 1999-2000 to a projected 1,287,000 in the current fiscal (2005-06).

In addition to the nearly 1.3 million-strong workforce employed directly in the industry, Indian IT-ITES is estimated to have helped create an additional 3 million job opportunities through indirect and induced employment. Indirect employment includes expenditure on vendors including telecom, power, construction, facility management, IT, transportation, catering and other services. Induced employment is driven by consumption expenditure of employees on food, clothing, utilities, recreation, health and other services.

(Source: www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=28487)

Key industry highlights:

- The leading publicly- listed players have reported a top line year-on-year growth of nearly 34 per cent, over the first half of the current fiscal.
- MNC-owned captive units have been scaling up their operations steadily with the headcount forecast to grow by at least 30 per cent this year.
- IT-ITES activity in the domestic market is also witnessing steady growth with the services segment coming into its own - reflecting sound optimism for the year-end results.

India-based Service Provider Landscape:

Category	No. of players	Share of India's total IT/BPO export revenues	Performance
IT Services			
Tier I Players	3-4	45% of IT Services 4-5% of BPO	Revenues greater than USD 1 billion
Tier II IT Players	7-10	25% of IT Services 4-5% of BPO	Revenues USD 100 million-USD 1 billion
Offshore operations of Global IT majors	20-30	10-15% of IT Services 10-15% of BPO	Revenues USD 10 million-USD 500 million
Pure play BPO providers	40-50	20% of BPO	Revenues USD 10 million-USD 200 million (Excluding top provider with USD 500 million)
Captive BPO units	150	50% of BPO	Revenues USD 25 million-USD 150 million (top 10 units)
Emerging players	>3000	10-15% of IT Services 5% of BPO	Revenues less than USD 100 million (IT) Revenues less than USD 10 million (BPO)

Based on last comparable Annual Report

(Source: www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=28487)

Key Highlights of the IT-ITES sector performance

IT Industry-Sector-wise break-up

USD billion	FY 2004	FY 2005	FY 2006	FY 2007E
IT Services	10.4	13.5	17.8	23.7
-Exports	7.3	10.0	13.3	18.1
-Domestic	3.1	3.5	4.5	5.6
ITES-BPO	3.4	5.2	7.2	9.5

-Exports	3.1	4.6	6.3	8.3
-Domestic	0.3	0.6	0.9	1.2
Engineering Services and R&D, Software Products	2.9	3.9	5.3	6.5
-Exports	2.5	3.1	4.0	4.9
-Domestic	0.4	0.8	1.3	1.6
Total Software and Services Revenues	16.7	22.6	30.3	39.7
Of which, exports are	12.9	17.7	23.6	31.3
Hardware	5.0	5.9	7.0	8.2
Total IT Industry (including Hardware)	21.6	28.4	37.4	47.8

Total may not match due to rounding off

(Source: Indian IT Industry: NASSCOM Analysis

<http://www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=2374>)

- **Growth in Revenues:** The Indian IT-ITES sector (including the domestic and exports segments) is expected to exceed USD 47.8 billion in annual revenue in FY07, an increase of nearly 28 percent in the current fiscal
 - Contribution to GDP estimated to be 5.4% up from 4.8% last year.
 - Service and software exports remain the mainstay of the sector contributing USD 31.3 billion and beating forecast to register a 32.6% growth.
 - Increasing traction in offshore product development and engineering services is supplementing India's efforts in IP creation. This segment is growing at 22-23 percent and is expected to report USD 4.9 billion in exports, in FY 2006-07.
 - MNC investments reach an unprecedented scale; over USD 10 billion announced in FY 2006-07, to be invested over the next few years.
- **Service-line expansion:** Aiding service providers to take on larger and more complex deals, and is driving up the average size of contracts awarded to Indian firms. Indian Service Providers have grown their share of contracts of values in excess of USD 50 million dollars from 1% in 2002 to 7% in 2006.
 - High offshore component of delivery and superior execution in multi-location delivery continue to be key differentiators
 - Broad-based industry structure - IT led by large Indian firms, BPO by a mix of Indian and MNC third-party providers and captives, reflects the depth of the supply-base
 - Even though larger players continue to lead growth, gradually increasing their share in the industry aggregate; several high-performing SMEs also stand out
- **Domestic Market Matures:** Complements the continued growth in IT-ITES exports and for the first time ever in FY 2006 showed signs of breaking out of the hardware led growth and the trend of software and services gaining share is expected to continue
 - The total size of the domestic market is expected to cross USD 15.9 billion in FY 2006-07, a growth of 21 percent over FY 2005-06
 - Traditionally, this segment has been led by MNCs. However, Indian firms are gradually gaining ground. Overtime this segment could become a larger SME play, as the mid-sized firms increase their levels of IT adoption
- **Global Markets:** While US and UK remain the dominant markets for IT-ITES exports, revenues from newer markets are growing rapidly

	FY03	FY04	FY05	FY06
Americas	69.10%	69.40%	68.30%	67.18%
Europe	22.20%	22.60%	23.10%	25.13%
Rest of the World	8.70%	8.00%	8.60%	7.69%

Growth Verticals: BFSI, Telecom and Hi-Tech continue to account for approximately 60% of the pie. Other verticals such manufacturing, retail, transportation, healthcare and utilities are also growing rapidly

(Source: Indian IT Industry: NASSCOM Analysis

<http://www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=2374>)

Road ahead for the Indian IT-ITES Industry

The global economy seems to be on a steady recovery path, and the worldwide enterprises understanding the importance of Information Technology in their business and accordingly increasing the budgets towards IT spending will positively affect the future of the IT-ITES industry. With the maturing of global delivery practices, emerging locations will emerge to tap the potential and growth, and India shall remain one of the leading destinations owing to its strong reputation as a quality and technologically superior solutions provider. Indian companies now figure amongst the best IT companies and service providers and there is still headroom for growth in the global IT arena. Again, with the integration of the Indian economy with the global market has forced organizations to improve their profitability by leveraging technology solutions. The Indian domestic market is thus being targeted by the Indian as well as MNC IT service providers and this would lead to the maturing of these markets and increased IT adoption.

Global IT-ITES spending is projected to grow at a CAGR of more than 7% over 2005-09. Aggregate IT spends, comprising amounts spent on hardware, software and IT services are forecast to grow at a CAGR of 6% over the same period. Spending on ITES-BPO is expected to grow significantly faster, at a CAGR of more than 10%, over the same period. Overall, the Indian IT industry is expected to export US\$ 60 billion by FY 2010 and will contribute to the export earnings, employment creation and in doubling its share in the national GDP.

Industry segment, in which the Company operates in, can be classified into three segments:

A. Global Calling Cards

Global Calling Cards are cards, which allow the user to make long distance and international calls using any phone. The customer's balance is reduced after the call is complete. In most cases the customer would not incur any local call charges. Prepaid Cards means that the end customer purchases the cards by paying for them in full and the minutes on the cards are decremented upon usage.

IP phones

It is a class of products that allows users to speak over an IP network, such as the Internet or an intranet. Its benefit is its extremely low cost. All calls are free; all the user pays for is the IP phone software. Internet Phone, Web Phone, and Televox are examples. IP telephony (Internet Protocol telephony) is a general term for the technologies that use the Internet Protocol's packet-switched connections to exchange voice, fax, and other forms of information that have traditionally been carried over the dedicated circuit-switched connections of the public switched telephone network (PSTN). Using the Internet, calls travel as packets of data on shared lines, avoiding the tolls of the PSTN. The challenge in IP telephony is to deliver the voice, fax, or video packets in a dependable flow to the user. Much of IP telephony focuses on that challenge. IP telephony is an important part of the convergence of computers, telephones, and television into a single integrated information environment.

While internationally capable cell phones make calling home from abroad convenient, they're not always the most economical choice. For travellers looking for inexpensive alternatives, there are several options: new internet-based voice services, callback services and one of the most low-tech and low-cost options: prepaid calling cards.

B. BPO Industry

Business Process Outsourcing (BPO) is the delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria. BPO is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry.

The concept of outsourcing of business processes work ("BPO") to third-party providers has been a fast growing industry both in terms of volume and value. Companies seek BPO services to enhance their margins and consequently their revenues by managing growth at reduced risk levels. BPO provides the means to service an enterprise's critical yet non-core functions at lower operating costs than would be incurred by performing the functions in-house.

It is the transfer of an organization's entire non-core but critical business process/function to an external vendor who uses an IT-based service delivery. By doing so, BPO helps an organization concentrate on its core competencies, improve efficiency, reduce cost and improve shareholders' value. Though IT outsourcing has been happening for so many years, an increased momentum has been witnessed since the late 1990s due to the rise of Internet and Communication technologies. Several global giants from various industries have begun to realize the importance of Business Process Outsourcing (BPO) and have started outsourcing their non-core business functions. This has given rise to many specialized BPO vendors across the globe, with India being a major hub owing to its large computer-literate English-speaking population, low billing rates, strategically favourable time zone and high quality.

The BPO industry consists of businesses that depend entirely on repeat business for growth. The key factors that identify the capability of the Indians are that they have developed quality and adopted standards that permeate all business aspects.

Indian BPO Scenario is evolving according to changing global scenario. The success of Indian BPO emerging as a major player is mostly because India is a low-cost destination with a deep supply of qualified and skilled manpower. This is one of the primary reasons as to why India happens to be a preferred destination.

One of the enabling aspects of the India's regulatory environment has been de-constraining the Factories Act by allowing female workers to work in the night shift. This has added an increased pool of skilled manpower whose talent can be utilized.

The rapid growth in technological development and telecommunications sector has paved the way for 'Telemarketing' to become a major tool to facilitate business growth in a cost-effective manner. Telemarketing is here to stay as an integral and effective marketing tool for businesses.

Outsourcing allows companies to focus on other business issues while having the details taken care of by outside experts. This means that a large amount of resources and attention that might fall on the shoulders of management professionals can be used for more important, broader issues within the company. The specialized company that handles the outsourced work is often streamlined and often has world-class capabilities and access to new technology.

Telemarketing is a smart choice regardless of the type of company one runs. By outsourcing and using telemarketers the Client literally has a dramatic rise in scaling its efforts with minimal increase of internal overheads. Effective outsourcing will allow a company to concentrate on running its business - while allowing the BPO service provider to manage its customer contact operations.

Business Process Outsourcing - Industry Functional Processes

- Logistics
- Finance & Accounting
- Procurement
- Customer Care
- Training
- Sales and Marketing
- Product Engineering
- Human Resources

According to IDC, worldwide spending on business process outsourcing (BPO) services totalled approximately \$382.5 billion in 2004, growing at about 10.8 percent over 2003. IDC projects that this market composed of the eight business functions of human resources, procurement, finance and accounting, customer service, logistics, product engineering, sales and marketing, and training will increase to \$641.2 billion in 2009 for a five-year compound annual growth rate of 10.9 percent.

Growing competitive markets and the increasing demands for cost savings have made U.S. and other businesses in the developed world more amenable to consider BPO solutions that utilize strategic offshore resources. Although BPO firms still must convince their clients that the service provided from offshore will meet the quality level expectation without exposing

the client to unnecessary risks; an increasing percentage of BPO work is being done from offshore locations that are able to meet the quality requirements, at measurably lower costs.

BPO industry giants, including Genpact, IBM, Citigroup, EDS, NCO Group and ACS have already established offshore service centers to manage some of their work. However, many companies lack the wherewithal to establish an offshore presence with the required assurance of continued quality. Many of these companies have recognized the need to establish alliances with BPO providers and have reached a decision to explore the potential of using reliable offshore service providers.

Key Growth Drivers of Indian ITES-BPO Exports

i. **Globalisation, overseas competition and the business economics imperative:**

- Rapid growth of globalisation has added to competitive pressures across geographic markets that were previously relatively isolated from overseas competition.
- The resulting impact on growth and profitability continues to push organisations towards more cost-efficient business models.

ii. **Global sourcing going mainstream, significant senior business leadership vision and oversight:**

- Having convincingly established proof-of-concept, global sourcing is now a key element of corporate boardroom agendas.
- As a part of mainstream business strategies, offshore/outsourcing initiatives are being accorded significant senior leadership oversight.
- Increasing emphasis on leveraging the model for greater strategic business impact; not restricted to functional support (IT, HR, etc.).

iii. **India's demonstrated superiority, sustained cost advantage and fundamentally-powered value proposition:**

- Outsourcing to India has provided companies with significant benefits over the arbitrage in labour costs - through business process enhancements and improvements.
- Indian vendors are expanding their service offerings, enabling customers to deepen their offshore engagements; the shift from low-end business processes to higher-value, knowledgebased processes is having a positive impact on the overall industry growth.
- Indian vendors have successfully built-up the scale of their operations to match the pace of increasing demand for these services - ensuring that client organisations do not have to settle for alternate options.
- In spite of the rising elements of cost, Indian offshore operations provide cost savings of 40-50 per cent. Countering the wage inflation averaging 10-15 per cent annually, companies are able to leverage declines in telecom and other overhead costs, and increase in productivity gains and economies of scale to sustain the cost arbitrage.
- Recent research has shown that even at current levels of suitability India has the largest pool of suitable offshore talent – accounting for 28 percent of the total suitable pool available across all offshore destinations and outpacing the share of the next closest destination by a factor of 2.5.

iv. **Global IT Spends:**

Global IT spends are projected to grow at a steady rate of 10-11% per annum. The increase in global BPO spend will further give an impetus to the Indian ITES-BPO industry. Also, unpenetrated potential of G2000 corporations will lead to demand deepening vertical and geographic market penetration of offshore outsourcing.

(Indian ITES-BPO Industry: NASSCOM Analysis;

Source: www.nasscom.in/Nasscom/templates/NormalPage.aspx?id=28483)

The industry has woven such magic around the entire nation that these days a city without a call centre would be hard to find. Call centres contribute a fair share to the revenue of the Indian BPO industry. About 70% of the BPO industry's revenue comes from call-centres,

20% from high-volume, low-value data work and the remaining 10% from higher-value information work.

The Indian BPO sector is witnessing an unprecedented boom but the flip side of the industry cannot be ignored. For sometime, the Indian BPO industry has been battling certain complex problems such as labour attrition, poor infrastructure and lack of data protection laws.

The high attrition rate in the industry is primarily due to the restricted career options or growth opportunities for the youngsters. Fear of stagnation is a major factor that forces the employees to quit the industry. According to analysts, labour attrition rates in the outsourcing industry vary between 20 and 40 per cent in certain companies while at top firms it's around an average of 15 per cent. If the current attrition rate continues, the outsourcing industry is likely to face a shortage of 262,000 professionals by 2012.

Although countries like Australia, China, Philippines and Ireland have emerged as the close competitors in the ITES/BPO sector, India is still the favoured market for BPO companies. As for 2005, NASSCOM predicts that there would be a considerable expansion in the captive operations of global organizations and MNCs in the BPO sector. Another key development would be the rapid growth in offshore outsourcing, especially in the sectors of Automatic data management, Human Resources (HR), Finance and Accounting and Healthcare. (Source: www.chillibreeze.com/articles/How_the_Indian_BPO_industry_works.asp)

Other Highlights:

- The Indian IT industry has grown its revenues ten fold in the past decade, from \$4.8 billion in FY 1997-98 to \$47.8 billion in FY 2006-07.
- Its contribution to GDP is estimated to have grown from 1.2% to 5.4% in the same period.
- BFSI, Telecom and Hi-Tech verticals continue to account for approximately 60% of the market for Indian IT.
- The Indian IT industry is estimated to top \$60 billion exports in 2010.
- Total IT Software and services employment to reach 1.6 million in FY07.
- The total size of the Indian domestic market is expected to cross \$ 15.9 billion in FY 2006-07, a growth of 21% over FY 2005-06.

(Source: http://www.metrics2.com/blog/2007/01/24/indian_outsourcing_industry_set_to_jump_33_to_313.html)

Advantages of Outsourcing to India

India currently has a large and rapidly growing number of BPO providers, covering a wide range of services, with different levels of complexity and value-added services. India has emerged as an attractive destination for locating facilities to provide BPO services globally, mainly because of the availability of a large pool of educated, skilled (or easily trained), English speaking candidates at relatively cost effective prices. Typically, skilled manpower costs in India are significantly lower than in the United States and other OECD countries. Liberalization of national long-distance and international telecommunications and development of Internet telecommunications are significant developments for BPO facilities engaged in voice-based contact centre activities in India.

Offshoring of BPO activities to India is also popular because it allows global corporations to benefit from international time zone differences and in most cases to provide round-the-clock service. The federal and state governments of India, in efforts to develop the software/IT and BPO industries, have provided several incentives in the form of tax holidays and other infrastructure support. Further, Indian BPO service providers have been demonstrating a strong commitment to achieving internationally recognized quality standards.

Future Trends

The Indian BPO industry has developed a reputation for being a cost effective provider of quality service and processes. NASSCOM has projected the size of the BPO industry in 2010 to be approximately US\$25 billion. However, while several positive factors drive the growth

of the BPO industry in India, there are certain challenges and hurdles, which need to be overcome. Some of these challenges include:

- Increased competition.
- Employee intensive industry.
- Strong dependence on the United States.
- Disaster-recovery preparedness.
- Limited infrastructure beyond special zones.
- Need to reduce costs.

Competitors for Indian BPO

India has been able to maintain its supremacy over its rivals in the BPO industry but there are a number of other countries, which can give India a run for its money in the Business Process Outsourcing space. Some of the prominent and emerging competitors to India are China, Philippines, Mexico, Canada, and Malaysia.

China enjoys a great advantage in terms of large pool of people but the Chinese have a great limitation, as they do not have enough English speaking graduates like India. Mexico too is emerging as a tough competitor for India but is good for low-end jobs only. Other countries like Ireland have a smaller talent pool. Canada and South Africa are other prominent competitors of India but are more expensive than India, while Russia has poor infrastructure and poor linguistic capabilities.

India therefore, as of now, continues to have a leading edge in the BPO industry, but it should keep on improvising to maintain its stability. With India already stamping its superiority in the BPO sector with its knowledge of the English language, it now needs just one other language that will make the world its market, which is Spanish, which is spoken in more than 24 countries

C. Fleet Tracking System – An Overview

FleeTrac™ - *Vehicle Tracking Service*, is a service provided by Dhanus using vehicle/asset located hardware units with GPS and GPRS/CDMA modems connected to FleeTrac™ servers to provide locational, supported hardware interfaced data and voice and text communication between a client asset and the client by way of suitable web interfaces and voice interfaces.

Fleet tracking is basically an application of vehicle telemetry to monitor the locations of a number of vehicles such as lorries, vans or cars in order to optimise and coordinate their activities. The fleet management comes under the navigation system market, which is still in its infancy stage.

Vehicle Tracking Systems are electronic devices installed in vehicles to enable vehicle owners or third parties to track the location of a vehicle. Most modern vehicle tracking systems now use GPS modules to allow for easy and accurate location of the vehicle. Many systems also combine a communications component such as cellular or satellite transmitters to communicate the vehicle's location to a remote user. Vehicle information can be viewed on electronic maps via the Internet or specialized software.

Current vehicle tracking systems have their roots in the shipping industry. Corporations with large fleets of vehicles required some sort of system to determine where each vehicle was at any given time. Vehicle tracking systems can now also be found in consumers vehicles as a theft prevention and retrieval device. Police can simply follow the signal emitted by the tracking system and locate the stolen vehicle.

Most vehicle tracking systems are now using GPS modules to allow for easy location of the vehicle, and many do not require the GPS antenna to be in direct line of sight with the sky.

Some Vehicle Tracking Systems integrate several security systems, for example by sending an automatic alert to a phone or email if an alarm is triggered or the vehicle is moved without authorization.

Several types of Vehicle Tracking devices exist. Typically they are classified as Passive and Active. Passive devices simply store GPS location, speed, heading and perhaps key on/off,

door open/closed. Once the vehicle returns to a pre-determined point, the device is removed and the data downloaded to a computer for evaluation. Active devices also collect the same information but usually transmit the data in real-time via cellular or satellite networks to a computer or data center for evaluation. Some taxi services use vehicle tracking system for better serving their customer. By using Vehicle tracking system, their operator can see all the empty taxi, so they can choose the closer one to pickup the order from their customer. (Source: http://en.wikipedia.org/wiki/Vehicle_tracking_system)

An instance may be considered to understand the need for application of fleet management. Uncertainty regarding goods in transit is a big factor in convincing businesses to fork out cash for a vehicle locator system. Although every logistics environment has a clear workflow in place, when delays occur, they are usually due to factors that are beyond a manager's control. If a logistics manager of a FMCG company dispatches a truck from Mumbai carrying five tons of soap to its Pune warehouse. En route the truck has an accident. The logistics manager realizes something has gone wrong only when the client says that the vehicle has not reached. If a vehicle locator system is onboard, the location of the vehicle can be pinpointed immediately and accurately.

Vehicle tracking systems sales in India are expected to increase with increased awareness, exponential growth in new commercial vehicle sales and penetration into the market. Vehicle tracking segment of the Indian telematics market is expected to reach around \$35.0 million between 2008 and 2009.

To support telematics growth in India the Government needs to cut down the restrictions on the availability of digital maps for commercial usage. Substantial support for the telematics systems could come from the growing Indian premium and luxury passenger car segments.

Opportunities for Indian companies in the global telematics market are increasing, particularly in embedded systems and chip design. Global companies are working with Indian companies by outsourcing their requirements for developing global positioning systems (GPS) components, embedded software and other telematics-related systems and designs.

The Indian telematics market in India is in an introductory stage, compared to the global telematics market. In India, system integrators have been offering vehicle tracking and fleet management systems since 2001. During 2004, demand for these systems increased, largely due to purchases by logistics companies and other fleet operators. In 2005, navigation systems were launched in India for the first time by system integrators.

"Rising sales of commercial vehicles and all-round infrastructure development initiatives are also helping the telematics market to gain a greater momentum and witness healthy growth by 2008," according to Industry Analyst, Automotive and Transportation, Frost & Sullivan. (Source: <http://www.press.xtvworld.com/article-print-11923.html>)

Vehicle tracking systems sales in India are expected to increase with better awareness, increase in new commercial vehicle sales and penetration into the market.

Telematics Opportunities for India finds that the vehicle tracking systems segment of the telematics market in India earned estimated revenues of US\$6.4 million in 2005 and is likely to reach US\$ 78.2 million in 2011.

The navigations systems market, though still in its infancy stage, is likely to take off in 2008 and the original equipment (OE) market is set to play a key role in this development.

In India, the market for vehicle tracking, telematics and navigation systems is increasing as call center and taxi operators adopt the systems in the commercial vehicle segment. Further, rising sales of commercial vehicles and all-round infrastructure development initiatives are also helping the telematics market to gain a greater momentum and witness healthy growth by 2008.

Overall, system suppliers and global positioning system (GPS) vendors are optimistic that the reduction in prices of the GPS chips and other allied components would significantly bring down the costs of the telematics units, which will ultimately boost sales. (Source: <http://www.frost.com/prod/servlet/press-release.pag?docid=67151229>)

Nearly all vehicle tracking systems incur a cost to the user in the form of monthly fees.

Key Benefits	Key Capabilities
<ul style="list-style-type: none"> • Enhanced customer service • Increased driver and passenger safety • Increased employee productivity • Improved utilization of motor coaches • Reduced overtime and billing errors • Lower fuel bills • Stop unauthorized vehicle use • Expedite stolen vehicle recovery 	<ul style="list-style-type: none"> • Near real-time vehicle tracking • Two-way text communications • Routing and dispatch functions • Excessive speed alerts • Delivery reports with start & stop times, locations and durations • Automated driver logs and timesheets • Automated DOT logs and reports • Stop and idle time reports • Boundary and geofencing with automated alerts • Additional sensors for overheat, temperature, weight, fuel, etc.

(Source: <http://www.fmsgps.com/motorcoach.aspx>)

Uses for GPS Vehicle Tracking

i. *Consumer Use*

Individuals may want to use GPS to make it easier to recover a stolen vehicle. Once the GPS device is installed on the vehicle, the user subscribes to a service that works with law enforcement agencies if the vehicle is stolen. There are some vendors that charge a fee only if the vehicle is stolen. If the system has the feature of two-way communication, one can disable the vehicle, trigger the alarm, or lock the doors.

If one uses a personal vehicle for business, records of locations, mileage, destination and speed can be kept. This use need not be expensive as a passive system is all that is needed.

Parents can use GPS vehicle tracking to monitor their teenagers. While this may seem like an issue of trust, many argue it is not. What it comes down to is keeping children safe - young drivers often use poor judgement. In addition to speed and location, parents can know if the airbags have been deployed. A geofence can be set and users will be notified if a vehicle has gone beyond a pre-determined boundary.

ii. *Fleet Management*

By combining GPS technology with GSM wireless coverage, companies can gather information such as a vehicle's location, stops, idling and mileage that can be quickly analyzed to yield benefits in efficiency and cost reductions. With some systems, one can review up to 90 days of vehicle location history online.

A "closest vehicle" feature allows dispatchers to quickly learn which vehicle is closest to a customer location or landmark. This allows for better routing, decreased fuel costs and more efficient use of resources as well as improved customer service through quicker responses.

Fleet managers can identify and display a great number of landmarks on web-based maps. Users simply enter the address and name of the location they would like to highlight. One can see which driver is closest to a given customer and more accurate shipment arrival times can be predicted.

iii. *Truck Trailers, Railcars, and Shipping Containers*

GPS vehicle tracking has benefits for cargo management. Shipments can be located if stolen and customer service is enhanced with the ability for the shipper to accurately report delivery time. Shipping customers can analyze data to choose the most efficient shipper. Location information can aid in inventory control. Side benefits include temperature monitoring for sensitive cargo.

iv. **Mass Transit**

A patented service call NextBus uses the World Wide Web to report accurate arrival times for mass transit for several systems around the U.S. With this type of solution, a GPS device is needed on each bus. By knowing each system's routes and using a GSM cellular network, NextBus allows the user to stay on schedule even if the bus or train isn't.

Using typical traffic patterns, NextBus can estimate vehicle arrivals with a high degree of accuracy. This estimate is updated constantly. The predictions are then made available on their website and to wireless devices, including signs at bus stops and businesses, internet-capable cell phones, and PDAs.

(Source: <http://www.maps-gps-info.com/gp-vh-trkg.html>)

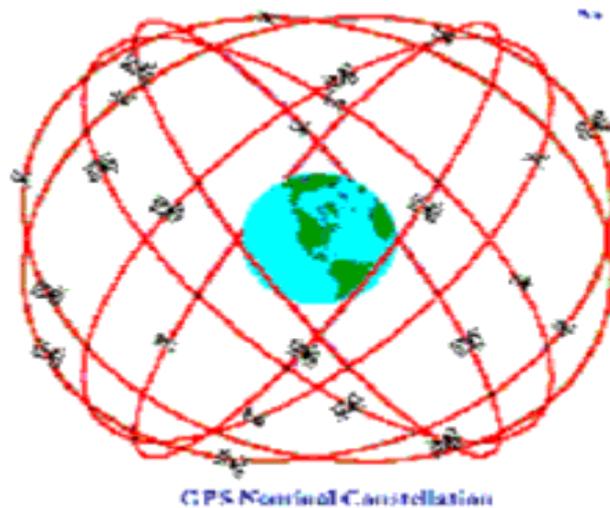
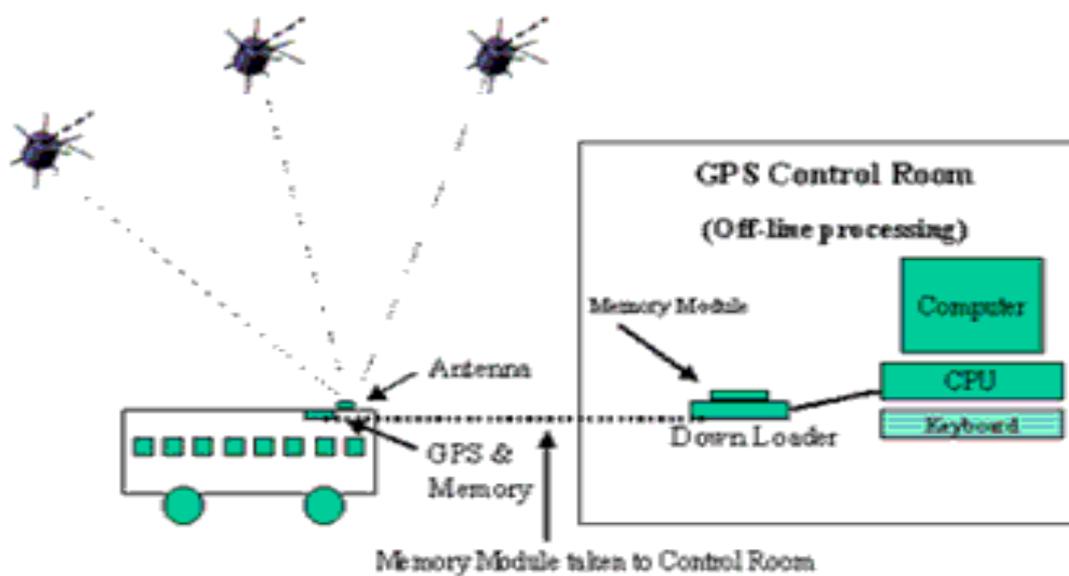
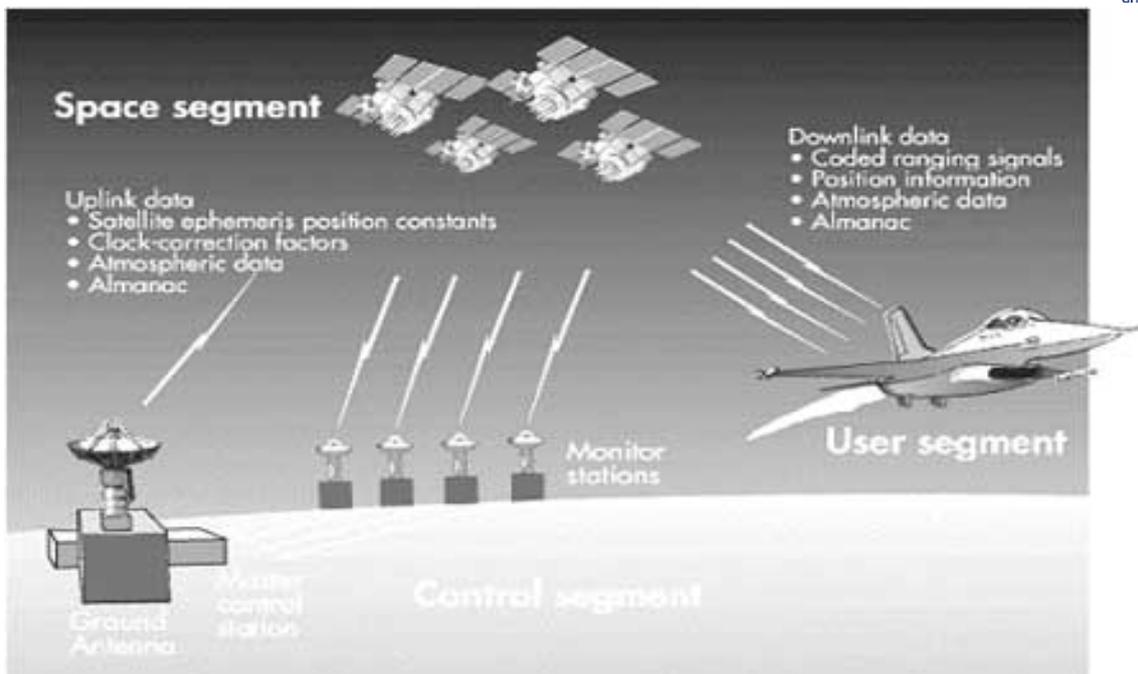
Global Positioning System (GPS)

The Global Positioning System (GPS) is the platform on which the Fleet tracking system and vehicle tracking system is designed. It is a satellite-based navigation system made up of a network of satellites placed into orbit. GPS is the system enables us to show the exact position of a targeted thing on the Earth anytime, in any weather, anywhere. Ground stations, located worldwide, continuously monitor them. The satellites transmit signals that can be detected by anyone with a GPS receiver.

The GPS has three components:

- i. The space segment. It consists of a group of 27 Earth-orbiting satellites (24 in operation and three extras in case one fails).
- ii. The user segment. It consists of receivers, which are installed in the targeted object. GPS receivers can be hand carried or installed on aircraft, ships, tanks, submarines, cars, and trucks. These receivers detect, decode, and process GPS satellite signals. The typical hand-held receiver is about the size of a cellular telephone, and the newer models are even smaller weighing only 28 ounces.
- iii. The control segment. The control segment consists of ground stations (five of them, located around the world) that make sure the satellites are working properly.

The satellites are synchronized to emit encoded navigational information (exact positioning and exact time). Any vehicle equipped with a GPS receiver will intercept these transmissions. Using a simple mathematical formula derived from triangulation, the receiver is able to calculate its own longitude, latitude, velocity and even altitude. For companies implementing GPS applications, this information, most often, would be transmitted to a central dispatch or control location. The process is exhibited below:



Vehicle Tracking Industry in India

Sales of vehicle tracking systems in India is expected to increase with better awareness, increase in new commercial vehicle sales, and penetration into the market. The navigation systems market is likely to take off in the coming years and the original equipment (OE) market is set to play a key role in this development. Indian government needs to cut down the restrictions on the availability of digital maps for commercial usage, substantial support for the systems could come from the growing Indian premium and luxury car segment that exist in India. The market for vehicle tracking and navigation systems will increase as call centre and taxi operators are likely to adopt the systems in the commercial vehicle segment. The rising sales of commercial vehicles and all-round infrastructure development initiatives will also facilitate the telematics market to gain a greater momentum.

The passenger car segment is awaiting easing of Government restrictions on the usage of maps and availability of digital maps, a move that would facilitate turn-by-turn guidance in passenger cars along with accurate information on their points of interests. However, the price is a key and sensitive issue in the Indian navigation system market, which provides chances for industry participants. As the cost of hardware and services is high compared to the cost of vehicles, it is crucial for market participants to price their product offerings accordingly to be successful in the Indian market.

The GPS and telematics market in India are in an introductory stage, but are developing rapidly owing to an increased use of the technology in fleet management, transport navigational systems, and other areas.

Vehicle tracking systems sales in India are expected to increase with growing awareness, exponential growth in new commercial vehicle sales, and penetration into the market.

ii. BUSINESS OVERVIEW

Dhanus Technologies Limited is a rapidly growing communications services Company. The Company offers Telecommunication Services and Unified Messaging and Enhanced Logistics services. The Company has a BPO operation of telemarketing services to the US, UK and Australia markets.

The Company is headquartered in Chennai, India. The existing business segments in which the Company operates include:

- i. Telecards : World's Calling Cards
- ii. Teleservices/ITES/BPO Services : BPO Services & Software Services and Development
- iii. Telematics : FleeTrac services

The detailed profile of the Company's businesses are as follows:

A. Telecards: V-Tel World's Calling Cards

With the emergence of newer technologies and a consequent drop in prices, the dynamics of the telecom services market is changing rapidly. From time based calls to a flat monthly rate, from differential rates for long distance calls and international calls to one rate for all calls, from mere voice phones to voice and videophones, from answering a call from one instrument to seamlessly transferring it across various media, etc.

These include call home services, small business services, large enterprise solutions and global calling card services. Harnessing global partnerships with carrier networks, Dhanus provides communication services of quality across continents.

Offered to Indians travelling abroad, the card is valid in more than 210 countries and allow web based viewing of CDRs, recharge by credit card.

Web based calling: The user can initiate calls over the web interface and completely side step blocking of 800 numbers in Hotel and Mobile networks.

SMS based call back: Where legal, the card user can initiate a connection to any number by sending an SMS to V-Tel switch.

Web based Call back: Where legal, the card user can initiate a connection to his landline/mobile phone with any number by sending an SMS.

The Company launched its Global Prepaid Calling cards in June 2004 and since then has been very successful in building up an extensive network of dealers, agencies and direct marketing associates across India, South-East Asia and West Asia. The Company also became AirTel's distributor for its SIM cards for the whole world excluding India and Dubai.

With Indians becoming global travellers in increasing numbers, the Company developed a platform for offering a truly global telecommunication solution to the Indian travellers i.e., V-Tel™ the global card. V-Tel is a premium commercial product offering the global travellers - the ability to call to and fro from more than 210 countries.

V-Tel™ turned out to be a panacea for the global Indian who had been at the mercy of International roaming bills or dependent upon discount cards with poor reliability.



Dhanus has been offering Global Prepaid Calling Cards to various markets in India and abroad and is the only Indian company in this sector.

In the V-Tel Cards, the customer purchases the cards by paying for them in full and the calling duration on the cards are decremented upon usage. There is no advance payment in the entire chain either on supply or sales side.

Dhanus buys the PINs and minutes from various foreign companies representing telecom carriers who offer the basic service in various countries of the world. The minutes and PINs have to be purchased in bulk normally by paying for them on delivery. Dhanus has arrangements with international telecom service providers who provide debit card platforms in New York, USA.

Dhanus sells the V-Tel cards in two ways:

- i. As prepaid cards in the wholesale market:
The PINs are printed at the back of the cards and covered with scratch pads. These cards are physical goods and are shipped through air cargo.
- ii. As PINs delivered via internet to international buyers:
These do not need shipping and hence do not go through customs. The PINs are available in a third country and are sold to buyers in third countries. Therefore under Indian Laws, these sales constitute third party sales.

The primary market for V-Tel Calling Cards comprises:

- i. **Indians travelling abroad for business and pleasure**

There has been a dramatic growth in Indians travelling abroad. It is estimated that the number of Indians travelling abroad will rise steadily to reach around 35 Million

passengers by 2010. The Company has sold over 1.68 lakh Global Calling Cards in FY 2004-05, 2.25 lakh Cards in FY 2005-06 and, 4.68 lakh Cards in FY 2006-07. The Company has sold 8.62 lakh Cards in all till June 30, 2007.

ii. Indians living and working abroad

There is a large diaspora of Indians who live and work abroad and are the target customers for the V-Tel Calling Cards. Ethnic markets are easier to tap as there are many networks more **effective and cheaper than the general markets in those countries. Dhanus has been targeting** these markets effectively.

iii. Value for Money

The USP of Dhanus' products lies in the fact that all of Dhanus' Global Calling Cards are 'straight' cards. In other words, a customer gets what he pays for. This is radically different from the practices that are common in calling card markets the world over. This 'value for money' proposition that the Company offers will increase its penetration of these markets.

iv. International Wholesale Prepaid Card dealer

Dhanus sells a large volume of prepaid minutes through dealers who offer the service on their own, printing their own cards. While the margins in this sector are lower, it is more than made up by volumes. Orders are received over phone, fax and email, and the Company dispatches the PINs by email the same day. Dealers pay by way of TT Wire, Cheques and international pay orders.

International markets especially those with large expatriate workers are good markets for calling card business.

B. TELESERVICES/ITES/BPO Services

As part of its plans to grow in the ITeS space, the Company started BPO operations in 2006 by acquiring the BPO business along with the assets and liabilities, and sales customers from another company in Chennai. The BPO operations currently have 85 seats and proposed to be expanded in stages to 500 seats by end of 2007.

The division has been offering Debt Solutions and Telemarketing services for the UK, US and Australia markets. The BPO operation also has an in-house Training & Development programme, which is instrumental in constantly upgrading the BPO workforce, thus increasing their quality and motivating them for better performance.

Through its Training programmes, attention and time is devoted in training India based agents to a level of service that is truly competitive. In addition, it follows stringent service creation and delivery processes to meet and exceed its customer expectations. All its servers are based in Santa Clara and Florida, USA to provide the minimum latency, high performance and redundancy.

Call center:

Dhanus' BPO is a strategic vertical, around which the core business of Tele-calling cards and fleet-tracking systems revolve.

Besides being strategic to Dhanus' core businesses, the BPO segment also leads to backward integration leading to better operational management. Dhanus' BPO has been divided into three sub-segments:

i.

Dhanus' Contact Center provides a variety of services to its customers seamlessly integrating multiple touch points. The system is capable of launching a new service in as little as two weeks from the date of engagement with customer. Dhanus offers the following services:

Services

- Primary and Overflow Customer Care.
- Logistics and Dispatch.
- Technical Product Support.
- Warranty Claims
- Online Order Fulfilment
- Insurance Claims Processing
- Multi-lingual Services
- French, German, Japanese
- Information voice portals
- Virtual Personal Assistance
- Concierge services
- Collaborative interaction

Software Services and Development

Software Development

The Company's software team specializes in building software applications in the following areas:

- IP Telephony
- IVR applications
- Custom CRM Applications
- Web Based Business Process Applications

So far, Dhanus Technologies has developed the following products, as part of its IP:

- A Technical Help Desk Product for managing Customer Service for Technical Products.
- A complete Web Based Third Party Warranty Management Product.
- It has also developed custom software applications in Lead Tracking and IVR Base Lead Capture and Management areas, and Message Handling and Soft-switch billing product.

Dhanus's software engineers are skilled in Microsoft .NET Platform, Skill set: .NET, C #, MS SQL, Oracle, Java, VB, ASP, VC++.

To enable these services to be delivered to its customers seamlessly, Dhanus has created a multimedia contact centre with the following features:

- Multi-site capabilities
- Intelligent contact routing
- Email assistance
- Web based chat
- Real time supervision
- Quality reporting
- Call recording
- Multimedia
- Real-time collaboration
- Shared web and white board
- Knowledge management
- Customisation
- Text-To-Speech
- Speech recognition
- Voice over IP enabled
- Fax services

The Company discovers ways to increase quality levels and trim down costs for its clients through closely controlled contact center management techniques such as assessing TSR's

performance closely, comprehensive employee training on specific client needs and industry issues, and continuous technological and process improvements.

No single solution fits the needs of each client's business and philosophy. Therefore, each of the Company's solutions is customized, based upon information provided by its clients, as well as its experience and expertise with the implementation of large customer relationship centers.

Key Purpose

- Providing customers with a dependable method of contact, through the channel of their choice, and a boulevard to have their questions answered in a professional manner.
- Improving brand image by providing service professionals who have access to accurate, up-to-date information that can assist customers with timely issue resolution.
- Capturing customer service information regarding areas of service issues and customer needs to be analyzed for adaptation into market opportunities.
- Integrating operations platforms, with the ability for work inter-flow between outsourced customer contact centers, other third party vendors and internal centers as necessary.
- Supporting multiple communication channels (Telephony, IVR, Chat, Email, Facsimile, etc.) as necessary or desired, providing customer relation processes that are both proactive and reactive to customer demands.
- Providing a centralized database and offering customers an easily accessible point of contact through the e-media communication channel of their choice.
- Offering flexibility to accommodate dynamic shifts in workload and associated staffing requirements.

The Company has the resources, technology and operational expertise in place to facilitate companies to expand globally and exceed their customer sales, services and marketing expectations by the proactive customer service approach.

The Company specializes in all forms of call center outsourcing services. It includes Outbound, Inbound and Back-office support call center services. The Company partners with its Clients to provide the entire spectrum of BPO services using its experience, industry insights and proven, repeatable methodologies. The Company has robust vertical industry expertise blended with a depth of horizontal competencies.

The Outbound telemarketing services the Company offers include:

- Appointment Setting
- Lead Generation/Hot Transfers/Qualification
- Phone Sales
- Seminar Registration
- Surveys
- Market Research
- Announce A Sale, Grand Opening, Or Special Event
- Recruiting
- Prospecting
- Up-selling/Cross-selling
- B2B or B2C Product/Service Selling

The Company's outsourcing methodologies assures that all processes are planned, documented and implemented. Each process is scrutinized through Customer's management review process assuring that quality is aligned with its organizational goals and standards. Upon approval, the Company's employees receive formalized training on the process.

C. FleeTrac™ - Vehicle Tracking Services

The Company has developed a service, which would revolutionise the growth of Logistic operators - A Fleet and Vehicle tracking and management service, FleeTrac™.

FleeTrac is an integrated tracking, communication, monitoring and enterprise management product for vehicle owners. FleeTrac uses the GPS system for vehicle location. The location



information along with other data is conveyed to Dhanus' central data centre in Chennai through Internet via GPRS service.

The logistics business is about punctuality and assured delivery. There are opportunities opening up practically everyday as supply chain management, fleet operators, courier companies seek to expand their market share.

For more advanced truck operators FleeTrac can provide engine parameters to decrease down time and increase capacity availability for the fleet. The Company is currently working on a Fleet ERP system aimed at small and medium sized fleet operators.

FleeTrac can monitor fuel level changes and can be fitted with ability to control the vehicle's engine and act as a vehicle security device as well.

FleeTrac allows truck and fleet operators to track their vehicles all over the country and to maintain voice and data communications with them without having to purchase expensive equipment acquire computer servers, software and maintain them.

FleeTrac allows the customer to access vehicle location information using an ordinary web browser and even from his mobile phone. FleeTrac is aimed at Truck Operators – including single truck operations, Taxi Fleets, Bus Fleets, and Call Centre Transport. FleeTrac will also be offered as a Vehicle Security service aimed at all vehicles in the country as well as a Fraud Prevention-Detection service to the Insurance industry.

The Company has developed GPS based FleeTrac services and has spent considerable amount of R&D efforts in this direction. GPS based vehicle location system is not new and has been around for quite some time. In India as the price for GPS Units, software, Mapping Software, GSM Costs and monthly maintenance is high, the same was not successful as the consideration for the services was beyond the means of the target market.

The Company examined and analysed the reasons carefully and has come out with a service that address the needs of the market rather than the needs of the suppliers. Instead of a huge front loaded cost, the Company's FleeTrac services provide no entry barriers to the user as regards costs and subscription to FleeTrac services is cheaper in comparison to the use of a mobile phone.

The Indian transport sector is growing at a very fast pace and the Company foresees immense growth opportunities in this sector.

Fleet Owners do not invest in expensive GPS equipment – they just pay for the service provided i.e., a powerful vehicle location, two-communications system plus a versatile Web Based Fleet management system.

The Company's fleet tracking software carries out trailer tracking to eliminate loss and theft, provide real time solutions for fleet managers, track mileage, track routes and locate current positions. A practically designed, user friendly product that allows the customers to manage their fleet better – be it one vehicle or thousands. Customers can typically keep track of their vehicles using either voice or data communication with the vehicle drivers, anywhere in the country.

Keeping in mind the language constraints with drivers, FleeTrac allows customers to interact using any major Indian language. Dhanus has built the web interface in Hindi, Marathi, Gujarati, Punjabi, Bengali, Telugu, Tamil, Kannada and Malayalam keeping in mind that language should not be a stumbling block to adopting technology.

Dhanus sees a future where fleets of several thousand vehicles across multiple locations can be monitored, using this web based service to monitor everything from fuel siphoning to over speeding to unauthorised unloading to route deviations. Making it possible for fleet owners and companies to eliminate wastage and optimize their operations.

Rationale behind installing FleeTrac system

- Theft detection becoming a significant concern for the trucker owners.
- Unwarranted and unauthorised Vehicle diversions leading to cost escalations.
- Difficulties in keeping tab of vehicular movement and cargo, and to substantial pilferage.
- Loss of Corporate customers for the truckers.

Advantages of FleeTrac system

- Efficient, optimized, flexible, and user-preferred route structures.
- Reduces costs to the organization while increasing overall benefits.
- Delivery companies will be able to plan routes for deliveries in the optimum efficiency.
- FleeTrac is a cost-effective web-based vehicle management services to transport companies.
- FleeTrac is a complete turnkey solution for real-time location, messaging, scheduling and supply-chain management.

Growth Drivers

Current boom in Indian Economy provides immense opportunities to the truckers. In response to the growing demand for freight transportation, India's freight operators have expanded their fleets significantly in recent times. The Indian truck market showed a compounded annual growth rate (CAGR) of 14.8% for the five-year period spanning 2000-2004 in terms of revenues. India showed good figures in terms of volumes also, with a CAGR of 13.1% from 2000 to 2004, it reached a total of 268, 100 vehicles by 2004.

Dhanus is uniquely positioned to address the un-organized Transporter's segment due to the low-cost Model. Dhanus will also offer ERP services to the truckers enabling further benefits. With transport being vital to the continual development of the country, an increase in demand for freight transportation within India is expected to bring about a regular expansion in Indian fleet sizes, providing a steady growth of demand in future. Commercial vehicles formed 38.8% of the market's overall volume in 2004. LCV's comprised 36.9% share of the market. Anticipated CAGR of 8.5% for the five-year period 2004-2009, is expected to drive the industry to a value of US\$ 8.5 billion by the end of 2009.

Advantage Dhanus

1. Most of the companies operating in the telematics space sell hardware rather than services; Dhanus provides a complete bouquet of e-logistics.
2. The Company plans to provide 10 callable numbers to the truck operator; available on a single click on the dashboard.
3. GPS based technology as opposed to expensive RFID technology.
4. Tie up with AIRTEL to provide GPRS services already in place.

Benefits from the FleeTrac™ Service

- Operational Managers/Teams
FleeTrac™ Vehicle Tracking Service allows Operations Managers and others a new view of the day-to-day operation. This can lead to better job allocation, improved response times and with route and schedule planning, less lost time arising from both undesirable practices and logistical problems. Tracking allows for planning in real time with lower costs. The optional fuel monitors help save fuel. The optional engine parameter monitor help the operational manager monitor the health of the engine and get more life out of the trucks.
- Drivers
The GPS records provide proof of site visits; time spent both on site and enroute, increased security for the vehicle and its contents. The improvements in productivity can even allow for higher wages. Employers have been able to provide 8-10% increase in wages whilst further improving profitability. Live tracking also provides absolute real time assistance giving the drivers total back up when on the road.

- Customers
Customers will benefit by way of reduced costs and on-time information.

LOCATION OF THE OPERATIONS

The Company is presently engaged in the Telecards services (providing global calling card services), ITeS/BPO operations, and Telematics services (i.e., FleeTrac vehicle tracking services) with its hub of operations in the city of Chennai. The operations are conducted from offices covering about 10,000 square feet of area.

The Company, in order to expand its operations, plans to purchase property measuring 2 acres 83 cents at Kilpauk, Chennai. A sum of Rs. 85 lakhs has already been paid to the sellers as advance towards purchase of the said property. The cost of land and construction of building thereon form part of the Cost of the project.

The existing office site and the one proposed to be acquired have the following locational advantages:

- It is located in the heart of the city of Chennai.
- Adequate technical skilled manpower is available within the State of Tamil Nadu, and more particularly in the city of Chennai.

FACILITIES AND INFRASTRUCTURE

The Company's registered office is located at 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai – 600 017. The Company occupies about 10,000 square feet of space for its offices at Chennai and Gurgaon. The Company has taken on lease its offices in both the cities. All the offices and software development centres and Business Process Outsourcing offices are well equipped with air-conditioning, uninterrupted power supply, connectivity, security and workstations. The call centre in Chennai is equipped with suitable infrastructure. The Company also has data centre facility in Chennai, which is used for providing application hosting services to its clients.

For more details, please refer to section titled 'Brief History of the Company and other Corporate Matters' beginning on page no. 139 of this Red Herring Prospectus.

HUMAN CAPITAL

The Company is in a knowledge-driven industry and it believes that its employees are key contributors to its business success. To achieve this, the Company focuses on attracting and retaining the best people possible. The Company believes that a combination of its strong brand name, its working environment and competitive compensation programmes allows it to attract and retain these talented people. All the employees for the operations are directly hired on the rolls of the Company. Multi-stage induction and skill enhancement training programmes are conducted to prepare the employees for the desired performance levels. The Company has 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 their skills, and an entrepreneurial culture has ensured that the job content is deeply enriching for its employees.

People are the most critical component of the Company's quality delivery mechanism. The Company has a policy of hiring the best-of-breed talent, train them assiduously, and provide them with a winning and growth-oriented work culture that emphasizes learning, achievement, best practices and attractive reward schemes. The Company encourages entrepreneurial managerial talent and the ownership of responsibility.

All Telecallers are graduates and have suitable skills. All team members are selected strictly based on established criteria considering customer's requirements. The Company looks for specific skill-sets, interests and background that would be an asset for its kind of business. Candidates are screened for English language skills, both written and spoken, as well as pressure taking capabilities. Ongoing training is part of the Company's strategy to build a base of highly effective and efficient team of TSR's.

Employee training

The Employees are trained extensively in the following areas:

i. ***Flexibility***

The Company has based its reputation on being a flexible and client responsive outsource provider. By understanding a business and with a staff drawn from a well-educated, diverse population, the Company provides more flexible problem-solving and higher quality customer service. The Company becomes a virtual extension of its clients for customer care, acquisition, retention and satisfaction programs.

ii. ***Stability***

The Company has a strong management team that can offer a high level of expertise in managing customer care, customer acquisition, up sells, cross-sells and third party verification. The Company's technical staff, with multiple years of call center experience, implements the most sophisticated technologies. The result is a stable company, one that clients want to establish a long-term business relationship with.

iii. ***Process specific training***

In-house training facility takes care of training modules which covers:

- Quality
- Customer Service
- Corporate Culture
- Spoken and written English

- Skill Enhancement
- Development of Aptitude

iv. **Technology**

The infrastructure has been designed to provide redundancy in the network and equipment; ability to integrate/manage all technologies. The Company uses most modern and latest of equipments provide uninterrupted, quality service to the customer.

In order to meet today's demanding call center requirements; the Company has developed substantial technology capabilities, including Internet enabled workstations for today's multi-channel contacts.

The BPO infrastructure is designed to provide reliability of performance, "always on" connectivity, security and power backups. The Company's truly carrier class telecom infrastructure has a very unique set of features, which are key factors in ensuring a 24x7 type of operation.

It can analyze the performance of a single agent, or thousands of agents, splits or agent/skill pairs.

Call Recorder

- Full Time Recording
- Screen Capture
- Event based Recording
- Rule Based Recording
- Recording On Demand
- Quality Monitoring

Employee Profile

The Company's IT professionals have diverse educational backgrounds and, as on date, comprise 16.4% MCAs & BCAs, 9.8% M. Techs & B. Techs, 10.3% post-graduates, 9.8% diploma holders, and 44.3% graduates. Other administrative and finance professionals including science graduates etc constitute the balance 9.4%. The Company believes that it has a balanced mix of experience.

The Company has a total of 244 employees as on date, comprising a blend of qualified professionals with diverse academic backgrounds. The broad employee profile is as under:

Sl.No.	Employee Profile	Number
1.	Masters in Technology	10
2.	Bachelors in Technology	14
3.	Masters in Computer Applications	12
4.	Masters in Science	1
5.	Bachelors in Engineering	2
6.	Bachelors in Computer Applications (BCA)	28
7.	Chartered Accountants/Cost Accountants/Company Secretaries	1
8.	Masters in Business Administration (MBAs)	5
9.	Post Graduates	25
10.	Graduates	108
11.	Diploma holders	24
12.	Undergraduates	14
	TOTAL	244

The break up department wise of the total employees of the Company is as follows:

Sl. No.	Particulars	Total Manpower
1.	General Management	4
2.	Accounts & Finance	6
3.	Secretarial	3
4.	Administration & HR	7
5.	BPO	130
6.	Business development	11
7.	Operations	64
8.	Quality Control	9
9.	Technical	10
	Total	244

Recruitment

The Company has developed processes to evaluate and recruit large numbers of employees. Its hiring is driven by annual manpower plans, which are adjusted based on business visibility on a periodic basis. The Company recruits talent who are educated from premier universities, colleges and institutes in India. In order to maintain its brand image and attract the best candidates, the Company maintains relationships with institutions through constant interactions. The rigorous selection process involves a series of activities including case and group interviews, and technical and psychometric tests. The Company also recruits experienced hires for its business requirements. All new hires are inducted into the organization through a structured program, which involves extensive training as well as mentoring.

MARKETING STRATEGY

Market, Clients Competitive analysis of each division

The Company's marketing activities are spearheaded by Mr. S. Muthukrishnan, Director (Marketing).

Mr. Muthukrishnan strategizes, vets and decides the Company's marketing initiatives. He along with Mr. Srivathsan Vallabhan, Vice President-Sales appoint channel partners, distributors and franchises to sell the Company's various services and products. They are assisted by the Company's Sales Officers/Teams, who are responsible for the Company's day-to-day operations in terms of both direct sales to corporates and the handling of the local franchisees and distributors.

The sales and marketing function also proposes to oversee the creation of an extensive network of franchisee operated FleeTrac kiosks, to enable vehicle owners from unorganized sectors to be able to effectively use the entire range of the Company's services.

Telecards: Global Calling Cards:

Target Customers

- Indians travelling abroad for business and pleasure.
- Indians living and working abroad.
- Local residents in foreign countries.
- International wholesale prepaid calling Cards dealers.

Achievements

- V-Tel Global Calling Cards sales had crossed the 8.62 lakh mark by June 2007.
- Dhanus has sold over 1.68 lakh Cards in financial year 2004-05, 2.25 lakh Cards in financial year 2005-06 and, 4.68 lakh Cards in financial year 2006-07.
- The Card is valid in over 210 countries.
- The Company has in place latest technological infrastructure.
- Adoption of TDM technology enabling minimal data loss.
- No other global telecom service provider company in Asia; few like Hutchison and Singtel have only limited presence.
- Strong Sales & Marketing strategy backed by 24x7 support from the Company's BPO division.

Growth Drivers

- Since the Company started off with selling Telecom software to aggregator, it has an excellent rapport with them, which it leverages to expand the network.
- International travel is on the rise for there is more money to spend, travelling itself is getting cheaper.
- In 2005, Indians travelling abroad touched almost 6 million, up from 4.8 million in 2003.
- The total Outbound sector from India registered a 20 per cent growth over the past two years.
- Between 2005 and 2014, the demand for overseas travel is expected to grow by 8.8 per cent a year.
- The growth rate could be accelerated with modernization of airports and improved services by travel agencies.
- With limited or no competition, Dhanus is uniquely positioned to exploit the opportunity.
- A significant number of outbound tourists are business travellers presenting another prospect for the Company.

Strategy for V-Tel cards:

- i. To employ two distributors in each state.
- ii. The distributors to sell the cards through agents.
- iii. Each distributor to have around 20 retailers.
- iv. Each Retailer expected to sell around 1 card per day.
- v. Average MRP per card Rs. 1000.
- vi. Use BPO strengths to sell following a launch using Indian ethnic media in the USA.

Strategy for Software products:

The Software products are being sold to independent individual clients who are mainly telecom aggregators. Due to its background, the Company has an excellent rapport with the aggregators across the globe.

Telematics: FleeTrac Services

a. Trucks

There are about 5 million trucks on Indian roads. With expressway projects like Golden Quadrilateral etc., making rapid progress the number of trucks on the roads can only increase. The Indian economy has been growing steadily and the growth across all sectors means that importance of truck transportation will only grow.

In the truck segment, the Company is looking at small single digit vehicle fleet owners. FleeTrac™ unlike other solutions is affordable and does not present any technical or commercial barriers for acceptance. The truck owner would thus get for less than the price of a mobile phone connection a) A mobile connection with the driver; b) Vehicle Location to within 30 feet anywhere in the country; c) Deviations from agreed route; d) Over speed alerts and; e) Alerts on fuel level changes. Prevention of fuel theft alone would pay back the service charges to the owner in a single month.

Medium-size Operators - In addition to getting all the benefits the small operator gets, the medium sized organizations will also get trip and load planning tools, ability to offer courier like door to door services. The ability to offer consignment tracking will provide the fleet operator a distinct competitive edge and the opportunity to charge courier like prices for parcels.

Large Operators - In addition to all the above, the Large operators can also make use of ERP services offered and interface them to their own databases using SOAP/XML.

b. Buses & Taxi Operators

There is a large number of bus operators and taxi fleet operators who will form the second segment being addressed by the Company.

c. Private Vehicles

Anti-Theft and Anti-Sabotage features without the other features as an automatic vehicle location service is being targeted at insurance companies and automobile manufacturers. The stripped down version just has the GPS modem with a GSM transmitter in hibernation mode, this is activated by a "Locate Vehicle" command from the NOC and can be tracked from that point of time onward. The Anti Theft device is installed in a secure way and disconnecting the device will render any vehicle with an engine CPU inoperative.

Marketing Model

The Company proposes setting up 30 regional offices across the country, in Metros, A Class cities and B Class cities. Each regional office will have a dedicated team of Sales and Support engineers. All the towns in the region will report to the regional office of that area.

Each town will have one or more FleeTrac™ Centers. The FleeTrac™ centers would be owned and operated by Franchisee-distributors. Each center will:

- Be responsible for sales, installation of the units.
- Collect Installation and Monthly service fees from its customers.
- Have a sales team (from 3 to 10 sales persons depending on the business potential).
- Have a web center with 2-5 terminals for use by its customers. Initial x hours of usage to each customer is free thereafter a customer pays on per hour basis for usage. This facility makes it possible for tiny fleet operators who do not want to or cannot invest in computers and networking to still use the service.

This distribution and support channel will make it possible for the company to quickly set up an extensive and intensive marketing network across the country. By using the franchisees the company effectively out sources a very large portion of manpower issues.

Strategy for FleeTrac service:

- i. The Company to focus on Franchise system to leverage locational advantage.
- ii. The country to be divided into 27 areas.
- iii. Each area to have 10 franchises initially.
- iv. The number of franchise per area to be increased to 14.

The Company has entered into a Partners Program Agreement with 7 Hills Business Solutions Limited, Q1A1, 10th Floor, Cyber Towers, Hyderabad – 500 081 (hereinafter referred to as 7 Hills) for the purpose of setting forth the terms by which Dhanus shall grant rights to resell and perform systems integration for eBizNET™ Supply Chain Suite software programs.

7 Hills shall be promoting and increase the service offerings to its potential clients. 7 Hills shall be responsible for all lead generation, marketing and sales activities for its sales and services, and for all costs and expenses incurred in these activities. 7 Hills may also provide leads to Dhanus.

Clients

Some of the important Clients of the Company in the Telecards and ITes/BPO business include the following:

1. Connexions
2. Flex Industries Limited
3. Carlson Wagonlit Travels
4. Meridian Tours and Travels
5. JAS group
6. Informatica Business Solutions Private Limited
7. Globe Travel Service
8. Sunlord Group
9. Fidelity International
10. Flextronics Software Systems
11. IBM India Research Lab
12. Amstar BPO
13. Nestle India Limited
14. Intermark Media
15. International Equities
16. SFG Bancorp
17. Club Solaris
18. Mapbyte
19. Universal Bancorp
20. AMD Telecom
21. I-Communicate Consulting Inc
22. World Link Telecom Inc
23. NQuire Ltd
24. Frontline Communications
25. VoIP Shop
26. Xyrous Communications LLC
27. Telepoint International Corporation
28. Maxwave Communications Inc
29. Base Telecom Inc
30. Cross Haven Telecom
31. Tiscali International Network

COMPETITION

The Company's competitors include consulting firms, multinational technology firms, IT outsourcing firms, Indian IT services firms, software firms and in-house IT departments of large corporations. The Company faces competition from both Indian firms and international firms in some of the Company's segments. Due to the rapid and dynamic changes in the IT and ITeS space, customers typically look forward to a single window provider for a range of products and services. The Company's believes that its competitive edge is in the fact that it is well positioned through its various business portfolios.

Dhanus is committed to providing its customers innovative, state-of-the-art, world class products and services in the fields of Communications & Networking Services, Business Process Outsourcing and related software products & services, and telematics. The Company specializes in integrating technology and market needs to create new services and products.

The entire management team has considerable experience in the communications sector. Having worked in IT, Communications, Shipping and Navigation, members of the management team bring varied experience and skills to the Company and have been allocated responsibilities according to their strengths. The Company also has strong domain skill and a customer-centric approach.

Dhanus Technologies uses technology that is readily available thereby increasing the reliability of the product.

Competition & Features of FleeTrac Service

There is an existing vehicle tracking company, by the name of Mobiapps located in Bangalore Karnataka which manufactures tracking equipment. However, there are either extremely few local players or no known GPS based vehicles tracking service providers in India.

➤ **Low Level Competition**

The ASP service that delivers service to customers is proprietary and enjoys copyright and patent protection. The market penetration level envisaged is minuscule and the market can support a large number of medium and large players until such time market consolidation takes place.

➤ **GSM Vs CDMA**

The service uses Mobile Operators to link the Units to a central Network Operating Centre. The Company can support both GSM and CDMA depending on the commercial tariff offered by Mobile operators. The company does not anticipate refusal of service to logistics solutions provider by mobile operators in India.

➤ **Technology**

The technology is universally available, which enhances the reliability of the product. The company's value-addition is making the technology commercially applicable. The ASP website that provides the application services to the customers is patentable and proprietary.

COMPETITIVE STRENGTHS

The Company believes that the following are its principal competitive strengths, which differentiates it from other IT Solutions and BPO service providers:

i. **Strong Customer base and relationship:**

The Company has a strong customer base, which includes companies that have demand for services in the telecommunications, health care, financial services, insurance sectors, mutual funds, medical transcriptions sector etc. The Company is constantly in a position to not only retain existing clients, but also leverage on its existing relationships to source business from new clients. The Company has a track record of retaining its client base.

In the BPO industry, the customers place great value on experience and existing relationships with providers when awarding business to BPO providers. The Company builds business clientele with whom the Company can enter into long-term business relationships.

The Company lays strong emphasis on customer service and satisfaction and has repeat customer business and referrals. The Company makes constant efforts to provide efficient service, fast turn-around-times, timely response, quality and integrity.

ii. **Experienced Management Team:**

The Company's management and employees are well qualified and bring substantial experience in the Company's business domain.

iii. **Current Position in the Large and Growing BPO Market with Limited Competitors:**

Due to strong economic growth, the BPO market is projected to grow at a fast pace. The Company's position in the industry will ensure that it has good growth and has the ability to garner new clients in new markets and begin to offer additional services, including additional customized software-driven solutions, to existing and new customers.

BPO services being a relationship and customer oriented business, the Company believes that besides retaining its existing client profile, it will also be able to adequately ward off competitors who may face difficulties in winning new customers.

The Company provides comprehensive IT services with ability to scale up value added services.

iv. **Strong and stable Employee profile:**

The Company has a typical flat organization structure, a multi-cultural setting right technological skill-sets, client-focused business approach and good work environment. The Company constantly strives to keep up the morale and work satisfaction levels of its employees.

With a relatively flat organisational structure, appraisal-based remuneration package, multi-cultural workforce and a dynamic and challenging work environment, the Company will be able to keep up the employee satisfaction and motivation levels.

v. **De-risked Business Model:**

The Company, through its existing three strategic business units, provides a host of services to its customers and has the ability and the requisite wherewithal to cater to the increasing needs of its clients. Through the synergies that exist across the Company's various business segments, the Company has the ability to comprehensively take up the information technology outsourcing needs of its Clients.

Since each of the three SBUs are independent profitable business units, the Company has a de-risked business model, while at the same time they are able to complement each other in the overall growth of the Company.

vi. **The Company has a multi-vendor service provider and enjoys good and long term relationships with its principals.**

The Company has strong relationship with most of its vendors and technology partners. The Company is able to leverage these relationships to provide its customers an optimal and cost efficient solution. Given its relationship with these technology partners, the Company is not dependent on a particular technology solution, thus improving its efficiency as a service provider.

CLIENT RELATIONSHIPS AND PARTNERS

Over the last 13 years, the Company has been successful in creating a vast clientele comprising of leading names from multiple industry segments. A substantial portion of the Company's clients are repeat customers. The Company seeks constant feedbacks from customers periodically to monitor the service delivery levels.

SWOT ANALYSIS (as estimated by the Management)

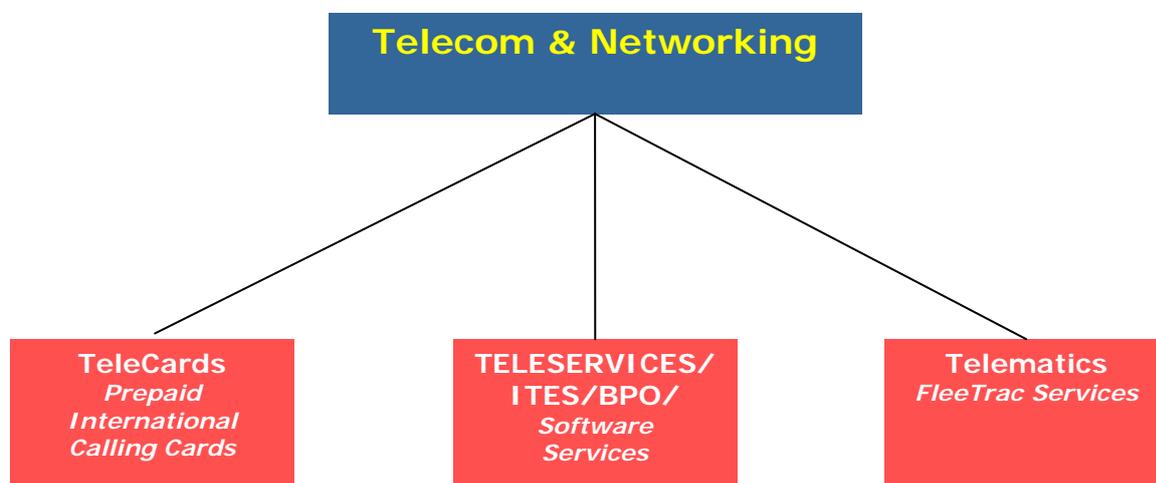
STRENGTHS	WEAKNESSES
<p>Telecard Operations</p> <ul style="list-style-type: none"> • V-Tel cards - offered to overseas users - offers large number of origination countries from where the user can use the cards. • Fully TDM network offering highest voice quality – most card operators abroad use lower quality VOIP networks. • No hidden costs. • Sufficient margin to meet competition. • Saves Foreign Exchange. <p>Software & BPO Operations</p> <ul style="list-style-type: none"> • Highly skilled and fully trained, productive manpower. • BPO operations not limited to single company exposure. • Strong Market Verticals. • Major Communication Server and Data Centre Components are located. <p>FleeTrac™</p> <ul style="list-style-type: none"> • Value Addition to Customers. The value proposition to potential customers is very strong (<i>the customer will have extensive information about vehicle location, speed, route taken, stops, fuel levels, weight carried and still be able to establish voice communications with the driver of the vehicle</i>). • Product is flexible–GPS interfaced with GSM and CDMA; (<i>Access either through Web Interface or GPRS or SMS capable phones making it possible to target even single vehicle operators</i>). • ASP Model – Multilingual Web access requires no client software. • Ability to deepen and widen revenue base by introduction of Multilingual Fleet ERP in Version 2.0. • Highly Secure data centre. • High Customer Support Levels – the company will maintain 24X7 customer support centre. • Commercially exploitable Database of Logistics Data. • Monitor break downs by location, spare parts and service agencies. • Monitor Traffic Density. • Monitoring Diesel Consumption of fleets. • Monitor Trip analysis. • Route adherence for Call Center Transport. • Trip planning and Scheduling and Dispatching. 	<p>Telecard Operations</p> <ul style="list-style-type: none"> • Not a basic telecom provider – does not own the backbone. • High Channel Commissions <p>Software & BPO Operations</p> <ul style="list-style-type: none"> • As the size of software and BPO operations are small, the company may face personnel attrition. • Again the size of the operations precludes the company from offering the full gamut of services that larger operations are able to offer to their customers. <p>FleeTrac™</p> <ul style="list-style-type: none"> • Technological changes • Lack of Street level Mapping • There might be Driver hostility resulting in sabotage.
OPPORTUNITIES	THREATS
<p>Telecard Operations</p> <p>By offering online replenishment and country specific cards accelerate the growth of sales in Telecards.</p>	<p>Telecard Operations</p> <ul style="list-style-type: none"> • Incumbent telephone companies may become aggressive in pushing their global cards.

<p>Software & BPO Operations</p> <ul style="list-style-type: none"> • Develop the currently profitable BPO operations further and develop vertical markets in the US, Canada, UK, Australian Markets. <p>FleeTrac™</p> <ul style="list-style-type: none"> • Offer FleeTrac™ as a fraud prevention service in Auto Insurance. • Develop country wide GIS maps and offer in-vehicle GPS based navigation systems. • Offer proven solutions to Logistics Industry in India, USA, Canada, UK and Western Europe. 	<p>Software & BPO Operations</p> <ul style="list-style-type: none"> • Competition from lower cost countries • Employee Churn • Political Changes in the USA • US Economic downturn <p>FleeTrac™</p> <ul style="list-style-type: none"> • As logistics business matures, major players may enter the space.
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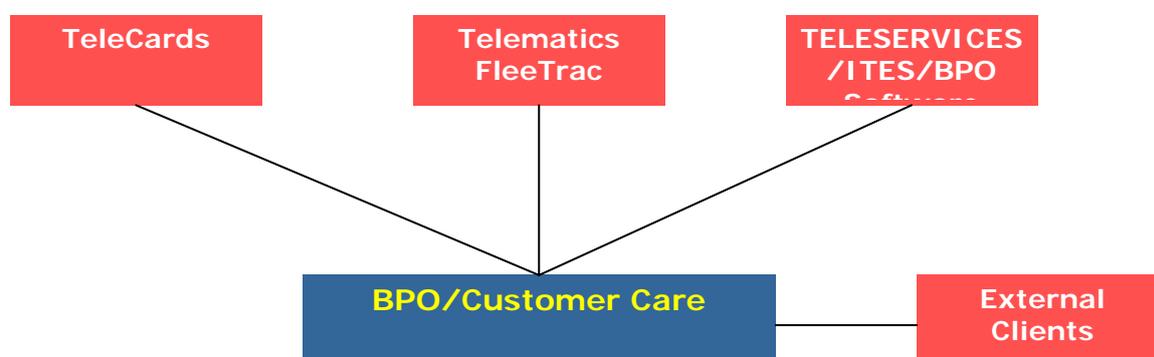
KEY BUSINESS STRATEGY

Dhanus aims to be a global communications company, utilizing emerging technologies to provide convergent communication services. The business model of the Company revolves around its core competence i.e., Telecom & Networking.

The experience and expertise in the above areas forms the backbone of the Company.



The BPO division in turn has expertise in outbound telemarketing and therefore can be used as a force-multiplier to propel the sales of Dhanus's service and products.



The BPO division, besides acting as support unit for other divisions of the Company, also serves external clients.

The Company seeks to further enhance its position as a leading provider of integrated IT services. The Company proposes to have a multi-pronged strategy to achieve its business growth path:

The Company's business opportunities are substantially high in various parts of the world wherever there is a perceptible presence of Indian Diaspora. The Company intends to leverage this opportunity by marketing its product to this target segment of Indians travelling abroad for either business or pleasure.

The Company's strategy to penetrate the US and European market

Substantial portion of IT services business worldwide is outsourced by the United States. The Company already has a presence in the US. The Company perceives that it needs to substantially enhance its penetration of the US market and thereby enhance its presence in order to obtain large value projects in the software domain. The Company is also in the process of recruiting personnel and by utilizing the services of its US subsidiary with additional sales and marketing personnel.

Moving up the value chain in the IT Infrastructure management

IT Infrastructure management division offers tremendous scope for high value added activities such as managed services and total IT Outsourcing. The Company currently is into Telecards, and ITeS/BPO and Telematics services, and it is quite logical for the Company to organically expand and extend its activities to offer total IT outsourcing services.

FUTURE GROWTH PROSPECTS

Dhanus proposes to capitalize on the telecom sector boom as the Government of India has already laid down its FDI Policy on Telecom Sector.

I. Telecards: V-Tel Global Calling Card

There has been a dramatic growth in Indians travelling abroad and it is estimated that there will be a steady growth and the number of Indians travelling abroad will touch 35 million by 2010. With more and more Indians travelling abroad, the Company expects to sell more cards and increase its market share.

The large diaspora of Indians who live and work abroad is one of the main markets for the Company. Dhanus has been targeting these markets effectively and expects to increase the sales from this sector.

The USP of Dhanus' products lies in the fact that all Dhanus' global calling cards are 'straight' cards. What the customer pays for, he gets. The 'value for money', which a customer gets would be a major determinant to increase the Company's penetration of these markets.

II. TELESERVICES/ITES / BPO Operations

The cheap labour costs and the pool of skilled, English-speaking Indians have always been the two foremost factors contributing to the BPO boom in the country. As the National Association of Software Services and Companies (NASSCOM) points out, the other equally motivating factors include strong quality orientation among players, ability to offer round-the-clock services based on the country's unique geographic location, positive policy environment which encourages investments and a friendly tax structure, which places the ITES/BPO industry on almost equal footing with IT services companies.

Although countries like Australia, China, Philippines and Ireland have emerged as close competitors in the ITES/BPO sector, India is still the favoured market for BPO companies. NASSCOM has predicted that there would be a considerable expansion in the captive operations of global organizations and MNCs in the BPO sector. Another key development would be the rapid growth in offshore outsourcing, especially in the sectors of Automatic data management, Human Resources (HR), Finance and Accounting and Healthcare.

III. Telematics: FleeTrac

There are about 5 million trucks on Indian roads as of now and more are being added. With expressway projects like Golden Quadrilateral etc. making rapid progress the number of trucks on the Indian roads would only increase. Indian economy has also been growing steadily and the growth across all sectors of Indian economy would enable the transportation business to also grow steadily.

In the truck segment the company offers the following advantages to the various sectors:

i. Small single digit vehicle fleet owners:

FleeTrac unlike other solutions is affordable and does not present any technical or commercial barriers for acceptance. The value proposition to a truck owner is that for less than the price of a mobile phone connection he gets the following:

- Mobile connection with the driver,
- Location of vehicle within 30 feet anywhere in the country,
- Knowledge of any deviations from route set by the owner,
- Over speed alerts, and

- Alerts on fuel level changes thus preventing fuel theft.

ii. **Medium sized Transport Organizations:**

In addition to getting all the benefits the small operator gets, the medium sized organizations would also get trip and load planning tools, ability to offer door to door services. The ability to offer consignment tracking would provide the fleet operator a distinct competitive edge and the opportunity to charge reduced prices for parcels.

iii. **Large Operators:**

In addition to all the above, the large operators would also be able to use ERP services offered and interface them with their own databases using SOAP/XML interfaces.

QUALITY ACCREDITATIONS, CERTIFICATIONS AND AWARDS

The Company has well defined stringent quality standards with a strong customer focus. The Company constantly improves its processes, infrastructure, human knowledge and skills to enhance customer satisfaction. The Company regularly also has knowledge and skill upgradation training programs conducted by internal as well as external knowledge experts.

The Company has been certified as ISO 9001:2000 compliant Company by Moody International Certification Limited vide Certificate No. 29224 dated April 4, 2006. The certification is valid up to April 3, 2009 and certifies the Company's Quality Management System in the areas of BPO, Telecom Services – Voice/Non Voice, Information Technology, Information Technology Enabled Services and Vehicle Tracking Systems (Logistics).

The Company has also been given a SE 1A rating indicating high performance capability and high financial strength by Dun & Bradstreet Information Services India Pvt. Ltd. and National Small Industries Corporation vide certificate No. D&B D-U-N-S Number: 65-005-6682 dated February 27, 2006 in a Performance and Credit rating for Small Industries.

The Company is also part of the Dun & Bradstreet Global Database vide certificate No. D&B D-U-N-S Number: 65-005-6682 dated June 6, 2006 issued by Dun & Bradstreet Information Services India Pvt. Ltd.

INSURANCE

The Company has insurance policies that cover its assets and operations, including third party liabilities. The assets covered by these policies are insured against losses from general liability such as burglary, standard fire and special perils policy, electronic equipment, earthquakes, terrorism and other risks to the Company's premises and equipment.

The Company believes that its insurance coverage is adequate as per present requirement of the Company.

Details of the said policy are as provided hereunder:

Name of the Insurance Company	Description of property	Total sum insured (Rs.) and Nature of Risk Coverage	Policy Number	Date of Commencement	Date of expiry
National Insurance Company Ltd.	Computers & Accessories, Furnitures, Fixtures & Fittings, Office Equipments, Electrical fittings, Air Conditioners	7,95,84,000 (Seven crores ninety five lakhs eight four thousand only) towards Burglary policy	500500/46/07/7500000015	13.04.2007	12.4.2008
National Insurance Company Ltd.	Plant/Machinery & accessories, Computers & Accessories, electrical installations, electrical fittings, Office Equipments, Software, Air Conditioners, Furniture, fixtures & Fittings & Interior Decorations	9,33,36,082 (Three crores Forty Seven lacs Ninety thousand Four hundred and twenty only) towards Standard Fire and Special Perils policy	500500/11/07/3300000031	13.4.2007	12.4.2008

Vehicle Insurance

The Company has insured 4 four – wheeler vehicles, which are owned by the company.

Name of the Insurance Company	Vehicle Make & Model	Total sum insured (Rs.)	Policy Number	Date of Commencement	Date of expiry
The New India Assurance Company Limited	Bolero XL Mahindra	5,07,268/-	710100/31/06/01/00020779	29.12.2006	28.12.2007
The New India Assurance Company Limited	Bolero XL Mahindra	5,07,268/-	710100/31/06/01/00020780	29.12.2006	28.12.2007
The New India Assurance Company Limited	Bolero XL Mahindra	5,07,268/-	710100/31/06/01/00020778	29.12.2006	28.12.2007
Bajaj Allianz General Insurance Company Ltd.	Bolero XL Mahindra	5,41,242/-	OG-07-1501-1801-00013041	29.12.2006	28.12.2007

The Company believes that the above policies are adequate to cover all material risks.

The Company has taken insurance policies insuring major risks relating to its stocks, building, computers & accessories, furniture and fixtures, electrical fittings, air conditioners at its offices at Suite 6 A, & 4 B Mena-Kampala Arcade, 113/114 Sir Theyagaraya Road, T. Nagar, Chennai – 600 017. The Company has no other policy in force other than as stated herein above. Further, all normal risks associated with the business (including premises) are adequately insured. There are no pending claims with regard to the insurance policies held by the Company.

PROPERTY
Details of Properties on Lease:

Sl. No.	Particulars of Property		
1.	Suite 6-B, 6th Floor 'B' Block Mena Kampala Arcade 113/114 Sir Theyagaraya Road T Nagar, Chennai – 600 017	Agreement Lease Date	Lease Deed dated May 2, 2004
		Period of Lease	6 years from May 16, 2004
		Area	Premises admeasuring 2,450 sq ft of Super Built-up area along with two open car parks.
		Lessor/Landlord	Mr. S.V. Sevugan Chetty Mr. S.V. Meyyappan Mr. R.M. Sevugan Chetty Mr. R.M. Meyyappan Mr. R.M. Viswanathan Ms. S.V. Lakshmi Achi Mr. S.V. Chinna Sevugan Chetty Mr. Senthil Nathan
		Lessee	Dhanus E-Com Limited
		Amount Paid/payable	The lessee has paid Rs. 6,12,500/- as a non-interest bearing refundable Security Deposit amounting to 10 (ten) months rent and service charges towards 100% captive/genset power back-up. The monthly rent for the premises for the first 15 months is Rs. 51,450.00 and a monthly captive power service charges/genset charges of Rs. 7,350.00 aggregating to a rent of Rs. 58,800.00 per month. The monthly rent for the premises from the 16th month of the lease period to the 36th month of the lease period is Rs. 53,900.00 and a captive power service charges of Rs. 7,350.00 aggregating to a rent of Rs. 61,250.00 per month. The monthly rent with effect from the 37th month to the 72nd month is Rs. 65,219.00 and monthly captive power service charges of Rs. 8,893.50 aggregating to a rent of Rs. 74,112.50 per month. The lessee shall also pay the monthly maintenance charges, which at present totals to Rs. 4,900/-.
2.	Suite 4-B, 4th Floor, 'A' Block Mena Kampala Arcade 113/114 Sir Theyagaraya Road T Nagar, Chennai – 600 017	Agreement Lease Date	Lease Deed dated Dec. 15, 2005
		Period of Lease	3 years from Jan 15, 2006
		Area	Premises admeasuring 2,450 sq ft of super built-up area along with two open car parks
		Lessor/Landlord	Mr. S.V. Sevugan Chetty Mr. S.V. Meyyappan Mr. R.M. Sevugan Chetty Mr. R.M. Meyyappan Mr. R.M. Viswanathan Ms. S.V. Lakshmi Achi Mr. S.V. Chinna Sevugan Chetty Mr. Senthil Nathan
		Lessee	Dhanus Technologies Limited

		Amount Paid/payable	<p>The lessee has paid Rs. 9,06,500.00 as a non-interest bearing refundable security deposit amounting to 10 (ten) months rent and service charges towards 100% captive /genset power back up.</p> <p>The monthly rent for the above premises for the first year is Rs. 83,300/- and a monthly captive power service charges/ genset charges of Rs. 7,350.00 aggregating to a rent of Rs. 90,650.00 per month. Increase in rent shall be at the rate of 5% every year for the 2nd and 3rd year of lease.</p> <p>The lessee shall also pay the monthly maintenance charges, which at present totals to Rs. 4,900/-.</p>
3.	Flat No A-3, 3rd Floor Golden Primrose 32/34, Saravana Street T. Nagar, Chennai – 600 017	Agreement Lease Date	Lease Agreement dated Dec. 15, 2006
		Period of Lease	For a period of 11 months commencing from Dec. 15, 2006 to November 14, 2007. Thereafter it shall be renewed for further period of 11 months.
		Area	Flat admeasuring a plinth area of 1,500 sq ft including common area and car parking in the ground floor for 2 cars
		Lessor/Landlord	Mr. N.R. Rajkumar
		Lessee	Dhanus Technologies Limited
		Amount Paid/payable	<p>The lessee has paid Rs. 3,75,000/- as a interest free refundable security deposit (caution deposit).</p> <p>The lessee shall pay a sum of Rs. 25,000/- per month towards rent plus Rs. 12,500/- towards charges for amenities provided. The lessee shall also pay a sum of Rs. 1,500/- per month towards building maintenance charges.</p>
4.	Suite 4-A, 4th Floor, 'A' Block Mena Kampala Arcade 113/114 Sir Theyagaraya Road T. Nagar, Chennai - 600 017	Agreement Lease Date	Lease Deed dated November 2, 2006
		Period of Lease	3 years from November 2, 2006
		Area	Premises admeasuring 3,575 sq ft of super built-up area along with two open car parks
		Lessor/Landlord	Mr. S.V. Sevugan Chetty Mr. S.V. Meyyappan Mr. R.M. Sevugun Chetty Mr. R.M. Meyyappan Mr. R.M. Viswanathan Ms. S.V. Lakshmi Achi Mr. S.V. Chinna Sevugun Chetty Mr. Senthil Nathan
		Lessee	Dhanus Technologies Limited

		Amount Paid/payable	<p>The lessee has paid Rs. 18,23,250.00 as a non-interest bearing refundable security deposit amounting to 10 (ten) months rent and service charges towards 100% captive /genset power back up.</p> <p>The monthly rent for the above premises for the first year is Rs. 1,82,325.00. Increase in rent shall be at the rate of 5% every year for the 2nd and 3rd year of lease.</p> <p>The lessee shall also pay the monthly maintenance charges, which at present totals to Rs. 7,150.00 and also pay the actual electricity charges and water consumption charges.</p>
5.	House No. N-14/4 DLF City Phase – II Gurgaon – 122 002 Haryana	Agreement Lease Date	Leave and Licence Agreement dated July 17, 2006
		Period of Lease	Till June 15, 2008
		Area	Ground Floor Flat consisting of three bed rooms with attached bathroom, one living room, one kitchen, front, rear court yard and hall in basement with complete woodwork, in the bedroom and kitchen, with complete light fittings, fans, geysers and exhaust fans.
		Lessor/Landlord	Mr. Anil Agarwal & Mrs. Sonam Agarwal
		Lessee	Dhanus Technologies Limited
		Amount Paid/payable	<p>The Company has paid Rs. 48,000/- as a interest free refundable security deposit and, Rs. 24,000/- towards one month advance rent.</p> <p>The Company shall pay a sum of Rs. 24,000/- as rent per month. The Company shall pay an amount of Rs. 500/- per month towards maintenance charge of the common area.</p> <p>After a period of 11 months, the Licensor shall increase the rent by 7.5%.</p>

PROPERTY

A. Properties owned by Dhanus Technologies, Inc.

Title/Ownership	Nature	Location/ Registration	Description
Dhanus Technologies, Inc. Date of Agreement: 15.8.2006 of Grant Deed	Freehold Land Vendor: Arques Avenue 888, LLC, a California Limited Liability Company Vendee: Dhanus Technologies, Inc.	1208 E. Arques Ave, Unit 100 Sunnyvale California USA Registration:	Parcel One: Condominium Unit 100 of Parcel 1 of Parcel Map filed 22.9.2005 in Book 791 of Maps, Pages 49 and 50, Official Records; as such Unit is shown on the Condominium Plan, recorded 13.10.2005, Series No. 18621505, Official Records, Santa Clara County. Parcel Two: An undivided 2.85% interest as tenants in common I and to the Common Area lying within said Parcel 1, as shown on the Map.

PURCHASE OF PROPERTY

For the purpose of development of Corporate Office, Network Operating Centre and BPO Operations, the Company has entered into an 'Agreement of Sale' with Mr. K.L. Jayakumar, 10, Jakkamal Koil Street, Postal Audit Colony, Saligramam, Chennai – 600 093, who is the registered Power of Attorney holder for Mr. N. Lakshmipathy and Mr. N. Sivaraman, both of them being brothers residing at 399, Kulakarai Street, Chennai – 600 091, who are the Sellers of the above property.

The Company has agreed to purchase the said property for a total consideration of Rs. 1200 lakhs. The said Agreement of Sale was entered into on May 7, 2005.

Description of Property:

Vacant Land situated at Survey no: 78/7-0.33, 78/8-0.48, 87/1-0.77, 99/9-0.18, 99/9-0.48, 103/7-0.59, at Village No: 140, Thiruvanmiyur Village, Mylai, Triplicane Taluk, Chennai District, Sub Registration District of Saidapet and Registration District of South Chennai, measuring in total 2 Acres 83 cents to the total extent of 51.5 Grounds approximately, with boundaries of North by 30 feet road – South by 20 feet road – East by Seashore – and West by 40 feet road.

The Company has already paid Rs. 85 lakhs as advance for the said land and the balance will be paid on execution of the documents.

Details of the Property proposed to be acquired:

Sl.No.	Particulars	Description
1.	Name of the Vendor	Mr. N. Lakshmipathy and Mr. N. Sivaraman
2.	Address of the Vendor	399, Kulakarai Street, Chennai – 600 091
3.	Occupation of the Vendor	Self Employed
4.	Amount of consideration in Cash	Rs. 1200 lakhs
5.	Amount paid as Advance	A total sum of Rs. 85 lakhs has been paid to date: <ul style="list-style-type: none"> i. Rs. 35 lakhs paid vide Cheque No. 500836 dated May 7, 2005 drawn on ICICI Bank Limited, Srirangam Branch, 100, South Chitra Street, Srirangam, Trichy – 600 006 in favour of Mr. K.L. Jayakumar, the Registered Power of Attorney. ii. Rs. 10 lakhs paid vide Cheque No. 102457 dated 14.12.2006 drawn on ICICI Bank Limited,, Bazullah Road Branch, Chennai – 600017 in favour of Mr. K.L. Jayakumar. iii. Rs. 40 lakhs paid vide Cheque No. 063373 dated 8.2.2007 drawn on UTI Bank Limited, Puraswalkam, Chennai - 600007 in favour of Mr. K.L. Jayakumar.
6.	Balance amount payable	Rs. 1115 lakhs
7.	Nature of Title or interest in property to be acquired	Outright purchase

In terms of the 'Agreement of Sale', the entire Sale consideration is to be paid on or before December 31, 2007, failing which the Agreement shall be terminated and all payments made to the Sellers shall not be returned.

Total Cost of the land:

(Rs. in Lakhs)

Sl. No.	Particulars	Amount
1.	Cost of acquisition	1,200
2.	Stamp Duty @ 8% of cost of acquisition	96
3.	Registration Charges @ 1% of cost of acquisition	12
4.	Incidental Expenses @ 1% of cost of acquisition	12
	Total	1,320

INTELLECTUAL PROPERTY

The Company uses trademarks and service marks in order to brand its products and services as well as protect them. The Company has already initiated attempts to create intellectual properties.

The Company may face issues relating to infringement of its intellectual property rights and may have to initiate action or legal action so as to protect its rights. The Company will make adequate provisions to protect itself and its customers from any infringement while entering into license or purchase agreements. The Company currently operates in India and has already initiated steps for intellectual property protection in this jurisdiction. For more information, please refer to the section titled 'Risk Factors' beginning at page no. ix of this Red Herring Prospectus.

The Company has filed the following applications, to register its Trademarks and Service marks in India, on November 10, 2005 with The Registrar of Trademarks, The Office of the Trademark Registry at Chennai, I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032:

Trade Marks /Service Marks	Applicant	Class	Status
Dhanus Group	Dhanus Technologies Limited	38	Advertised in Journal No. 1349 on August 1, 2006
FleeTrac	Dhanus Technologies Limited	16	Advertisement before Acceptance
Instamail	Dhanus Technologies Limited	38	Advertised in Journal No. 1348 on July 16, 2006
Dhanus (Logo)	Dhanus Technologies Limited	38	Advertised in Journal No. 1349 on August 1, 2006
FleeTrac	Dhanus Technologies Limited	09	Advertised in Journal No. 1348 on July 16, 2006
Cell India	Dhanus Technologies Limited	09	Advertisement before Acceptance
Cell India	Dhanus Technologies Limited	16	Advertisement before Acceptance
V-tel	Dhanus Technologies Limited	16	Advertisement before Acceptance
V-tel	Dhanus Technologies Limited	09	Advertisement before Acceptance
Dhanus Logo	Dhanus Technologies Limited	09	Advertisement before Acceptance
Dhanus Logo	Dhanus Technologies Limited	16	Advertisement before Acceptance
Dhanus Group	Dhanus Technologies Limited	09	Advertisement before Acceptance
Dhanus Group	Dhanus Technologies Limited	16	Advertisement before Acceptance
Mpingi	Dhanus Technologies Limited	09	Advertisement before Acceptance
Mpingi	Dhanus Technologies Limited	38	Advertisement before Acceptance
Mpingi	Dhanus Technologies Limited	16	Advertisement before Acceptance

iii. KEY INDUSTRY REGULATIONS

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 apply to the Company as they do to any other company in India.

Companies operating in the Business Process Outsourcing (“BPO”) industry in India are regulated by various regulations and policies. It is imperative therefore that the Company is also required to comply with certain legal formalities in the jurisdictions in which its clients operate. The Company is into IT enabled Services i.e., BPO services with operations in India, and clients in USA, UK, and Australia.

i. Regulatory Regime in India

A large portion of the BPO sector in India is regulated under the terms of the Software Technology Parks Scheme, which permits the establishment of units engaged in information technology enabled products and services (ITES). Several State governments have also enacted specific legislations in this regard, including by way of various incentives to investors to set up ITES units within the respective states. The Company is presently not involved in telemarketing activities in India.

ii. Software Technology Parks Scheme (“STP Scheme”)

The STP Scheme (under The Ministry of Information Technology, Government of India) has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3 (1) of the Foreign Trade Development and Regulation Act, 1992 to permit the establishment of software technology parks (STP), which may be 100% export oriented units undertaking software development for export using data communication links or in the form of physical media and includes export of professional services. All notified IT enabled products and services would qualify their provider for establishing a unit in and benefiting from the STP scheme.

Whilst activities falling within the information technology (“IT”) sector have not been defined by the Foreign Investment Promotion Board (“FIPB”), certain activities under ITES have been notified vide a circular dated September 26, 2000 issued by the Central Board of Direct Taxes (“CBDT”).

The ITES activities which fall under the scope of the said circular includes, (i) Back-Office Operations (ii) Call Centres (iii) Content Development or animation (iv) Data Processing (v) Engineering and Design (vi) Geographic Information System Services (vii) Human Resources Services (viii) Insurance Claim Processing (ix) Legal Databases (x) Medical Transcription (xi) Payroll (xii) Remote Maintenance (xiii) Revenue Accounting (xiv) Support Centres and (xv) Web-site Services.

STPI, Chennai

Procedure for Registration & Approval under STP Scheme

Units undertaking to export their entire production of goods and services may be set up under the Software Technology Park Scheme. Commensurate with the policy to give a special thrust to export of computer software, such units would be encouraged to be set up under the aforementioned export oriented scheme. Software units may undertake exports using data communication links or in the form of physical exports [which may be through courier services also], including export of professional services.

In order to become a certified member unit under STP Scheme, approval from the competent authority is required. The steps involved for obtaining approval are as follows:

Submission of application :

- ▶ An application in the prescribed format for establishing a Software Technology Park unit is to be submitted to Software Technology Parks of India.

- ▶ The application should be along with the details of the Software Project in terms of strengths, area of expertise, marketing arrangement, business plans, means of finance, mode of export projected P & L and Balance Sheet [Optional]
- ▶ Each application should be duly signed in initials by the competent authority on each page of the application along with office seal of the company.
- ▶ The application should be supported by Certificate of Incorporation, under the Companies Act of 1956, Memorandum of Association, Articles of Association, of the company.
- ▶ Resume of the Chief Executive heading the STP operations.
- ▶ In case FIPB/RBI Approval for bringing in Foreign Equity or & NRI Repatriation of Capital is already obtained a copy of the approval should be accompanied with the application.
- ▶ In case the project is for setting up a STP as 100% Subsidiary/Branch office a copy of the incorporation certificate of the parent company along with the board resolution for setting up the subsidiary is to be attached with the application.
- ▶ Copy of the lease deed / sale deed for the proposed STP premises.
- ▶ Details of previous export performance if any along with copy of IE code.

Competent Authority for approval

Director of Software Technology Parks of India

Type Of Investment	Amount Of Investment	No. of Application
Resident Holding	Less than US\$ 20.00 Million	1

Time frame for processing and granting approvals.

In case the applications are complete in all respect, the time frame for granting approval is generally as below:

▶	Director (S) STPI	10 working days
▶	IMSC [MIT]	Six weeks
▶	FIPB [Ministry of Industry, SIA]	Eight weeks

The above time frame may vary due to unavoidable circumstances.

State specific benefits

In addition to the benefits offered to an ITES company under the STP Scheme, certain benefits are also available under the relevant state legislation/regulations. These benefits include rebates/waivers in relation to payments for transfer of property and registration (including for purchase/lease of premises), waiver of conversion fee for land, entry tax exemptions, labour law relaxations, exemption from state pollution control requirements and commercial usage of electricity.

iii. Key Policy Framework Governing Telecommunication

The Company is in the business of providing satellite based communication in India. In India, these facilities are regulated by Department of Telecommunication, Ministry of Communications & Information Technology, Government of India.

The Government has announced National Telecom Policy in 1994 to improve quality of telecommunications services in India. Subsequently the Government has announced new National Telecom Policy in 1999 to further boost the satellite communication in India. The New Telecom Policy 1999 envisages grant of license on non-exclusive basis to VSAT service providers for a period of 20 years. Accordingly, licenses are issued to applicants to establish,

install, operate and maintain VSAT Closed Users Group (CUG) domestic data network service via INSAT satellite system on non-exclusive basis within territorial boundary of India.

Broadband Policy, 2004

Recognising the potential of ubiquitous Broadband service in growth of GDP and enhancement in quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment as well as employment generation by way of high speed access to information and web-based communication, the Government has finalised this policy to accelerate the growth of Broadband services.

iv. Key Policy Framework Governing IT-ITES

Introduced by an Act of Parliament in June 2000, the Information Technology Act provides legal recognition to all transactions carried out by means of electronic data interchange and other means of electronic communication, thus forming the specific policy framework governing IT-ITES companies in India. The Indian Copyright Act and other recent legislation (and amendments) enacted to comply with the Trade Related Intellectual Property Rights ("TRIPS") agreement form the other key laws relevant to businesses in this sector.

v. Intellectual Property Rights in India

The importance of intellectual property in India is well established at all levels, statutory, administrative and judicial. India ratified the agreement establishing the World Trade Organisation ("WTO"). This Agreement, inter alia, contains TRIPS, which came into force on January 1, 1995. TRIPS lays down minimum standards for protection and enforcement of intellectual property rights in member countries which are required to promote effective and adequate protection of intellectual property rights with a view to reducing distortions and impediments to international trade. The obligations under TRIPS relate to provision of minimum standard of protection within the member countries legal systems and practices. The Agreement provides for norms and standards in respect of the following areas of intellectual property:

- Copyrights and related rights
- Trademarks
- Geographical Indications
- Industrial Designs
- Layout Designs of Integrated Circuits
- Protection of Undisclosed Information (Trade Secrets) Patent
- Plant varieties

v. Incentives Offered to Promote IT-ITES in India

To promote the growth of IT-ITES in India, the central and state governments have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies operating in India. These include relaxation of policies relating to inbound and outbound investments, exchange control regulations, incentives for units located in a Domestic Tariff Area (DT A) or under Export Oriented Units (EOU)/& software Technology Parks (STPs)/Special Economic Zones (SEZs) and Electronic Hardware Technology Park (EHTP) schemes; and state level incentives, waivers and subsidies.

vi. Relaxation of Policies Relating to Inbound Investments

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities. The government has permitted up to 100 per cent foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

vii. State Level Incentives, Waivers and Subsidies

Most state governments in India have announced special promotional schemes offering various packages of tax, financial and other incentives and procedural waivers for the IT-

ITES sector. These schemes focus on the key issues of infrastructure, electronic governance, IT education and increased IT proliferation in the respective states. While these are state specific initiatives, there is a fair degree of uniformity across states as newer locations have modelled their schemes on those offered in states that have successfully nurtured a thriving IT-ITES industry.

viii. Regulatory Regime in India

Companies in the business process outsourcing (“BPO”) industry in India are subject to various regulations and policies. The Company is also required to comply with certain legal formalities in the jurisdictions in which its clients operate. The Company is a BPO service provider located in India with operations in both India and the United States of America (“USA”); also most of the clients of the Company are located in the USA.

Unlike in the US, there is no law regulating telemarketing in India. The Company is presently not involved in telemarketing activities in India.

Data Protection

India has currently not enacted any legislation in relation to data protection. A committee has been set up to examine the need for data protection legislation in India. The recommendations of the Committee have not yet been made public.

ix. Regulatory Regime in the United States of America

Companies engaged in providing BPO services to end-customers located in the United States have to comply with a wide range of laws and regulations. In particular, they have to comply with US laws that govern telemarketing, debt collection practices, credit reporting, and the use of non-public information.

The United States relies on broad self-regulation and targeted sectoral legislation to provide consumers with data privacy protection. The US Department of Commerce on November 1, 2003, implemented a voluntary scheme of self-certification for US organizations, known as the Safe Harbor scheme. The concept of ‘Safe Harbor envisions that organizations could come within the safe harbor by self-certifying that they adhere to these privacy principles. The First and Fourth Amendments of the US Constitution, tort law and consumer protection laws also grant limited privacy rights. Several State and Federal consumer protection laws provide protection to children, medical and financial records. The Gramm-Leach-Bliley Act, 1999 protects against pre-texting and sets limitations on data sharing for banks, insurance, and brokerage companies. In addition, the Privacy Act of 1974 states that no federal agency may disclose information without the consent of the person. Data collection agencies must also meet certain requirements for protecting the information.

Telemarketing Regulations

Outbound sales services are subject to numerous federal and state laws and regulations. In 2003, the United States Federal Trade Commission and the United States Federal Communications Commission established the national do-not-call registry, a list containing the personal telephone numbers of telephone subscribers who have voluntarily indicated that they do not wish to receive unsolicited calls from commercial telemarketers. Commercial telemarketers are generally prohibited from calling telephone numbers that have been placed on the do-not-call registry, and failure to comply could result in fines and injunctions. Over 55 million telephone numbers have been registered on the national do-not-call registry and more telephone subscribers may register. In addition to the do-not-call registry, many states have adopted, and other states are considering adopting, statutes or regulations that specifically affect telemarketing activities. Several states require registration of commercial telemarketers. These registrations ordinarily only exempt those telemarketing service providers which have been in business for a certain period of time under the same name and provide 75% or more of their services to otherwise exempt entities. The Federal Trade Commission’s Telemarketing Sales Rule sets forth a number of limitations and restrictions on the ability to make outbound calls on behalf of clients and engage in “up-selling” on inbound calls. The Federal Communication

Commission's Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991, which governs the use of certain automated calling technology, may also apply.

Debt Collection Services

The Fair Debt Collection Practices Act, establishes specific guidelines and procedures that debt collectors must follow in communicating with consumer debtors, including the time, place and manner of such communications. The statute places restrictions on communications with third parties in connection with the collection of any consumer debt. Companies providing BPO services in specific will also have to comply with applicable state debt collection practices laws. Many states require a debt collector to maintain a license to engage in debt collection activities within the state, though exemptions may be granted in certain cases to out-of-state collection agencies.

Credit Reporting

The Fair Credit Reporting Act governs services, which involve the use of consumer credit reports. Although a BPO company may not be a "consumer reporting agency" within the meaning of the Fair Credit Reporting Act, they are required to comply with certain provisions of the Fair Credit Reporting Act applicable to users of consumer reports.

Privacy Laws

In addition to the above there are various federal and state privacy laws in the United States that could limit the ability of customers to provide information to a company providing BPO services or such company's ability to use this information. In addition, some states have adopted laws applicable to the privacy of consumer information.

Regulations governing email communication

Federal and state legislatures are considering or have enacted various laws governing email communications. While most of these laws concern unauthorized emails known as "spam" and may not apply to a company providing BPO services, they may affect the use of email by such companies to conduct marketing activities.

United Kingdom

In order to comply with the Directives of the European Union, the United Kingdom has enacted the Data Protection Act, 1998, which regulates the processing of information relating to individuals, including the obtaining, holding, use or disclosure of such information.

x. Foreign investment regulations

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999 (FEMA), the regulations framed by the Reserve Bank of India (RBI) and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Foreign investment in IT companies, is under the automatic route (i.e., prior approval of the Foreign Investment Promotion Board (FIPB) is not required).

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 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

As laid down by the FEMA Regulations, no prior consents and approvals are required from 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.

Presently, investments in companies such as Dhanus (i.e., entities functioning as distributors of IT, hardware products, providers of logistics, supply chain management and

related support services in India) fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%

Foreign investment by way of subscription to equity shares in the ITES sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the Company. The Government of India has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, 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 foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

xi. Labour laws

India has stringent labour legislation protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments including the Industrial Disputes Act, 1947 (the "IDA") and (ii) employees who are not 'workmen'.

Workmen who have been provided several benefits and are protected under various labour laws, whilst those persons who have not been classified as workmen are generally not afforded statutory benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employer, which are regulated by the provisions of the Indian Contract Act, 1872.

Termination of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workmen', the IDA sets out certain requirements in relation to the termination of the workman's services. This includes detailed procedures prescribed for the resolution of disputes with labour between employers and employees in the areas of termination and severance obligations of the employee. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

The conditions of service of employees of BPO companies are regulated by the relevant shops and establishments law in which the BPO unit is situated.

iv. BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

Incorporation and Initial Progress

Dhanus Technologies Limited (DTL) was promoted by Mr. A.D. Sudhindra, Mr. V. Narayanaswamy and, Capt. D. Srinivasan. The Company was originally incorporated on April 2, 1993 as Wantech Communications Private Limited with the Registrar of Companies, Tamil Nadu, Chennai. The name of the Company was changed to Dhanus E-Com Private Limited and a fresh certificate of incorporation obtained on August 7, 2000 from the Registrar of Companies, Tamil Nadu, Chennai. Subsequently, the Company was converted into a public limited company on September 18, 2000 under section Sec. 44 of the Companies Act, 1956 and the name was changed to Dhanus E-Com Limited. The name of the Company was further changed to its present name Dhanus Technologies Limited on June 25, 2004.

The Registered Office of the company is located at 6-B, Mena Kampala Arcade, 113/114, Theyagaraya Road, T. Nagar, Chennai – 600 017.

The Registered Office of the Company was initially at 33, I Main Road, Karpagam Gardens, Adyar, Madras – 600 020. The Registered Office was shifted to 3, 3rd Cross Street, Karpagam Gardens, Adyar, Madras – 600 020 with effect from 27th December, 1996. The Registered Office was shifted to 6, 5th Street, Padmanabha Nagar, 1st Floor, Adyar, Chennai – 600 020 with effect from 12th July 2000. The Registered Office was shifted to 15/3, Kalpana Castle, Lakshmi Colony, New Crescent Road, T. Nagar, Chennai – 600 017 with effect from 12th December 2003. The Office was further shifted to 6-B, Mena Kampala Arcade, 113/114, Theyagaraya Road, T. Nagar, Chennai – 600 017 with effect from 17th May, 2004.

The Company successfully developed its own Communications Software on UNIX platform the Unified Message Handling System server and client software. The Unified MHS handled both PowerFax – Store and Forward Fax customers and PowerMail – email service customers on the same port thus maximizing the capacity utilization for the Company. This service was launched in Chennai, Tiruchirappalli, Mumbai and Bangalore and was well received by the corporate world both in the private and public sector as well as MNCs.

With Indians becoming global travellers in increasing numbers, the Company developed a platform for offering a truly global telecommunication solution to the Indian travellers - V-Tel™ the global card. V-Tel was launched in 2004. V-Tel is a premium commercial product offering the global travellers the ability to call to and fro from more than 210 countries.

As part of its plans to enter the ITeS space, the BPO business along with the assets and liabilities, and sales customers of Enhanced Customer Care Private Limited, Chennai were taken over in the year 2005. The BPO operations commenced in 2006 and currently have 85 seats, which are proposed to be expanded in stages to 500 seats by end 2007.

Enhanced Customer Care Private Limited (ECC) Takeover

With a view to augmenting further growth and expansion and to tap the IT-ITeS industry, the Company sought to operate a fully blended international call centre with more than 100 customer service representatives, offering telemarketing and customer support services like financial services, lead generation and telecommunications. The assets, infrastructure and sales customers of a STPI unit named Enhanced Customer Care Private Limited (hereinafter referred to as "ECC"), a Chennai based company, was on offer for take over. The Promoters and the Promoter Group of Dhanus were not connected to ECC in any manner prior to the MOU.

The Board of Directors of the Company at their meeting held on July 20, 2005 resolved to operate the BPO business operations of ECC on a trial basis for a period not exceeding five months under the guidance of ECC. The BPO/Call centre business with the customers of ECC was to be continued by the Company. The Company was to carry out the billing for the business with effect from August 1, 2005 for the said trial period. It was also decided that if the operation of the BPO/Call centre business was found satisfactory during the trial period, the Board would consider taking over the assets, infrastructure and sales customers of the BPO operations of ECC.

The Company entered into a Memorandum of Understanding (hereinafter referred to as "MOU") with Enhanced Customer Care Private Limited on the August 4, 2005 for acquiring the BPO operation of ECC. The salient terms and conditions of the MOU are as follows:

- a). ECC was to merge its operations with the Company after the completion of due diligence process at a valuation mutually arrived at.
- b). The Company was to take over the assets and liabilities of ECC as well as its overseas marketing operation.
- c). Dhanus was to release the initial seed money to ECC for clearing urgent liabilities of ECC, providing working capital/capital expenditure funding for immediate expansion of seats from the current 40 to 100.
- d). The Company was to assume the bank liabilities of ECC.
- e). The Company was also to take over the software assets of ECC at an appropriate valuation.
- f). The agreement was for a period of one year after which both parties could agree to extend the arrangement or terminate with a month's notice.

Since the operations during the trial run period were found satisfactory, it was decided that the BPO/Call centre business of Enhanced Customer Care Pvt. Ltd. would be taken over and the assets of ECC, which was a STPI unit, would be transferred to Dhanus.

The Board of Directors at their meeting held on December 16, 2005 resolved that the BPO/Call centre business of ECC would be taken over with the assets and infrastructure, sales and customers and the division would be named Dhanus BPO Division.

It was also resolved that the BPO/Call centre business of Dhanus BPO Division would be operational from 4B Mena Kampala Arcade, 113-114, Sir, Theyagaraya Road, T. Nagar, Chennai 600 017 with effect from January 1, 2006.

However, the flagship service of the Company is aimed at the heart of India's economic growth – Logistic operators. A Fleet and Vehicle tracking and management service, FleeTrac™.

FleeTrac is an integrated tracking, communication, monitoring and enterprise management product for vehicle owners.

Dhanus has since emerged as a Company specializing in Telecom & Networking Services, Business Process Outsourcing and related software products & services.

Pre-IPO Placements

The Company, on 08.08.2007, completed pre IPO private placements of 3,65,000 Equity Shares of Rs.10 each directly to certain Foreign Institutional Investor, Body Corporate and resident high net worth individuals, and raised Rs. 1091.25 lakhs. Details of the above investments are mentioned at page no. 21 of this Red Herring Prospectus

Major Events in the history of the Company are as follows:

Year	Events
1993	Incorporated as Wantech Communications Private Limited on 2 nd April, 1993 with the Registrar of Companies, Tamil Nadu, Chennai.
1996	Started software development, sales and consultancy and fax transmission business.
1997	Commenced software for telecom solution and fax-over-net business.
1998	Started getting recognition and obtained high profile clients like HUDCO, Bajaj, Imperial Shipping, Transworld etc.
1999	<ul style="list-style-type: none"> ▪ Company succeeds in selling off the fax software work-in-progress developed by the Company and starts diversification process by investing in R & D activities in the proposed telecommunication project. ▪ Started improving Unified Messaging Software and commenced development on web-based platforms for E-com solution. ▪ Established preliminary contracts with US and European aggregators and became an exporter.

2000	<ul style="list-style-type: none"> ▪ Becomes a public limited company. ▪ Commenced providing telecom and networking solutions for ITES. ▪ Started selling soft-switch billing software.
2001	<ul style="list-style-type: none"> ▪ Started development work on debit card platforms for monitoring, billing, managing and to route/terminate voice mail.
2002	<ul style="list-style-type: none"> ▪ Company acts as a sole distributor to the service providers of GSM Prepaid.
2003	<ul style="list-style-type: none"> ▪ Commenced work on global DID networking. ▪ Commenced hardware installation and soft-switch configuration for V-tel.
2004	V-Tel Calling cards launched
2006	<ul style="list-style-type: none"> ▪ Company takes over BPO/Call centre business of Enhanced Customer Care and commences operation in January 2006. ▪ V-Tel Global calling cards targeting Indians travelling abroad crosses the 5 lakh mark. ▪ Receives SE 1A rating, indicating high performance capability and high financial strength, by Dun & Bradstreet Information Services India Pvt. Ltd. and National Small Industries Corporation vide certificate No. D&B D-U-N-S Number: 65-005-6682 dated 27th February, 2006 in a Performance and Credit rating for Small Industries. ▪ Launches Beta testing for FleeTrac MTU's. ▪ Certified as ISO 9001:2000 compliant Company by Moody International Certification Limited vide Certificate No. 29224 dated April 4, 2006 for its Quality Management System in the areas of BPO, Telecom Services – Voice/Non Voice, Information Technology, Information Technology Enabled Services and Vehicle Tracking Systems (Logistics). ▪ Becomes part of the Dun & Bradstreet Global Database vide certificate No. D&B D-U-N-S Number: 65-005-6682 dated June 6, 2006 issued by Dun & Bradstreet Information Services India Pvt. Ltd. ▪ Forms a wholly owned US subsidiary named Dhanus Technologies Inc. in July 2006. ▪ Dhanus Technologies Inc., acquires Equity Shares of Mpingi Inc, a US company, thus making it a wholly owned subsidiary. ▪ Mpingi Inc., launches its V-Tel calling cards in July 2006.

4. To offer all kinds of satellite and telecommunication services, including global calling cards, Internet telephony, Broadband, call home services and to do system integration using Internet, Satellite and telecom technologies and to provide e-commerce and web based solution and services and to manufacture, buy, sell, import, export or otherwise deal in office, electronics and telecommunication equipments, spares, accessories, peripheral, software, system, configurations and technologies, within and /or outside India.
5. To carry on the business of Business Processing Outsourcing (BPO), Knowledge Processing Outsourcing (KPO), Call Centers to integrate Hardware and Software for Call Centers and provide for distribution and marketing of the same, providing throughout the world through the medium of high speed telecommunication, computer networking and satellite, all kinds of data analyzing, processing services including those relating to medical transcription, legal profession, book keeping, computer software, billing services, Tele-marketing, In bound and Out bound support services , insurance accounting, e-commerce activities, consultancy system, integration and attending to and dealing with all telephonic enquiries from all over the world routed from USA or otherwise and training persons to provide the aforementioned services and businesses and to develop Software and management products for medium and large enterprises to help them in reducing the down time and maximize the performance of Information Technology (IT) applications and network infrastructure and optimizing their IT and network operation.
6. To construct, build, lease, equip, own, create, maintain and develop Software Technology Park (STP) and infrastructure/ facilities for Information Technologies, Information Technologies Enable Services (ITES) Companies including any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build buildings thereon and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephone and other installations.

The Object Clauses of the Memorandum of Association enables the Company to undertake activities for which the funds are being raised in this Issue and also the activities, which the Company has been carrying on till date.

Changes in Memorandum of Association of Dhanus Technologies Limited

Since incorporation, the following changes have taken place in the Company's Memorandum of Association:

Date of Amendment	Amendment
30.12.1996	<ul style="list-style-type: none"> • Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 1 lakh to Rs. 25 lakhs
14.07.2000	<ul style="list-style-type: none"> • Change in name of the Company from Wantech Communications Private Limited to Dhanus E-Com Private Limited
12.08.2000	<ul style="list-style-type: none"> • Change in status of the Company from 'private limited' to ' public limited', and consequent change of name from 'Dhanus E-Com Private Ltd.' to 'Dhanus E-Com Limited.'
30.03.2004	<ul style="list-style-type: none"> • Change in Authorised capital i.e., increase of Equity Share Capital from Rs. 25 lakhs to Rs. 3 crores
14.06.2004	<ul style="list-style-type: none"> • Change in name of the Company from Dhanus E-Com Limited to Dhanus Technologies Limited
06.10.2005	<ul style="list-style-type: none"> • Change in Authorised capital i.e., increase of Equity Share Capital from Rs. 3 crores to Rs. 14 crores
28.4.2006	<ul style="list-style-type: none"> • Change in the Object Clause resulting in alteration of the Main Object Clause III A by substitution of the following sub clause in place of existing sub clause 1: (1) To design, manufacture, develop, import, export or trade in information, Telecommunications, Marine, Agriculture and Bio Technologies and products, intermediaries and services there from within and /or outside India, and to act as consultants in the above areas both in India and abroad.
31.05.2006	<ul style="list-style-type: none"> • Change in Authorised capital i.e., increase of Equity Share Capital from Rs. 14 crores to Rs. 20 crores

29.12.2006	<ul style="list-style-type: none"> • Change in the Object Clause resulting in alteration of the Main Object Clause III A by inserting/substituting the following sub clause after sub-clause 3: - <p>(4) To offer all kinds of satellite and telecommunication services, including global calling cards, Internet telephony, Broadband, call home services and to do system integration using Internet, Satellite and telecom technologies and to provide e-commerce and web based solution and services and to manufacture, buy, sell, import, export or otherwise deal in office, electronics and telecommunication equipments, spares, accessories, peripheral, software, system, configurations and technologies, within and /or outside India.</p> <p>(5) To carry on the business of Business Processing Outsourcing (BPO), Knowledge Processing Outsourcing (KPO), Call Centers to integrate Hardware and Software for Call Centers and provide for distribution and marketing of the same, providing throughout the world through the medium of high speed telecommunication, computer networking and satellite, all kinds of data analyzing, processing services including those relating to medical transcription, legal profession, book keeping, computer software, billing services, Tele-marketing, In bound and Out bound support services , insurance accounting, e-commerce activities, consultancy system, integration and attending to and dealing with all telephonic enquiries from all over the world routed from USA or otherwise and training persons to provide the aforementioned services and businesses and to develop Software and management products for medium and large enterprises to help them in reducing the down time and maximize the performance of Information Technology (IT) applications and network infrastructure and optimizing their IT and network operation.</p> <p>(6) To construct, build, lease, equip, own, create, maintain and develop Software Technology Park (STP) and infrastructure/ facilities for Information Technologies, Information Technologies Enable Services (ITES) Companies including any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build buildings thereon and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephone and other installations</p> <ul style="list-style-type: none"> • Change in the Other Object Clause resulting in alteration of the other object clause III-C of the Memorandum of Association of the Company by deleting all the clauses
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The details of the Capital raised are given in the section titled "Capital Structure" on page no. 21 of the Red Herring Prospectus.

Subsidiaries of the Company

The Company has two subsidiary companies. Details of the subsidiary companies are as follows:

Dhanus Global Medicare Limited

Date of Incorporation : 7th October, 2005

Nature of Activity : The main business of the Company as stated in the Memorandum of Association is to organize, provide, undertake and arrange whole body scanning services at the instance of Specialist and for forward opinions to them and to arrange undertake General Health check up, Scanning and X-Ray; make, buy, sell, import and export and deal in all kinds of medical equipment including scanning and other surgical instruments; carry on business of diagnostic centres, clinical laboratories; and carry on the business of Telemedicine networking and consultancy.

Company Identification No.: U85195TN2005PLC057752

Registered Office : Arihant VTN Residency
1st Floor, 139/30, North Usman Road
T. Nagar
Chennai - 600 017

Historical Information

DGML was incorporated on 7.10.2005 with the Registrar of Companies, Tamil Nadu Chennai, as a private limited company and has its registered office at No. 6-B, Mena Kampala Arcade, 113/114, Sir Theyagayaraya Road, T. Nagar, Chennai – 600 017 which was shifted to 2C, Old No. 2, New No. 6, Raghaviah Road, T. Nagar, Chennai – 600 017 w.e.f April 17, 2006. The registered office of DGML was subsequently shifted to its present address at Arihant VTN Residency, 1st Floor, 139/30, North Usman Road, T. Nagar, Chennai - 600 017 w.e.f December 1, 2006. The shareholders of DGML at the Extra Ordinary Meeting held on November 24, 2006 approved the conversion of the Company to a public limited Company. Subsequently it was converted into a public limited company under section Sec. 44 of the Companies Act, 1956 and the name was changed to Dhanus Global Medicare Limited and a fresh Certificate of Incorporation dated 6.1.2007 received from the Registrar of Companies, Tamil Nadu, Chennai.

Board of Directors

The Board of Directors of the Company is as follows:

Name	Designation
Mr. K.L. Jayakumar	Director
Mr. V. Narayanaswamy	Director
Capt. D.S. Srinivasan	Director
Mr. A.D. Sudhindra	Director

Shareholding Pattern as on date

Authorised Capital: Rs. 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10/- each.
Paid-up Capital : Rs. 2,81,34,500 divided into 28,13,450 Equity Shares of Rs. 10/- each.

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1.	Dhanus Technologies Limited	28,13,390	99.99
2.	Mr. K.L. Jayakumar	* 10	
3.	Mr. V. Narayanaswamy	* 10	
4.	Capt. D.S. Srinivasan	* 10	
5.	Mr. A.D. Sudhindra	* 10	
6.	Mr. S. Muthukrishnan	* 10	
7.	Mr. N. Sabapathi	* 10	
	Total	28,13,450	100

* - Beneficial interest of the said shares held by Dhanus Technologies Limited.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company.

2. Dhanus Technologies, Inc.

Date of Incorporation : 20.7.2006

Nature of Activity : The Company is entitled to conduct any lawful business in the US. However, the Company's principal business activity, as defined by the Company, is to serve as principal holding company for all of Dhanus Technologies Limited's business activities in the USA and abroad.

Registered Office : 2711, Centerville Road



Suite 400, Wilmington
County of New Castle
Delaware, 19808
USA

Employer Identification No.: 98-0491744
Issued by the Department of Treasury, Internal Revenue Service (IRS), Philadelphia, USA

Identification No. : MAWAZ 20060434
Issued by the Reserve Bank of India, Foreign Exchange Department, Overseas Investment Division, Mumbai, India vide their letter no. FE.CO.OID.9211/19.04.215/2006-07 dated October 31, 2006.

Historical Information

Dhanus Technologies, Inc was incorporated on July 20, 2006 under the laws of the State of Delaware I the United States of America. It is a wholly owned subsidiary of Dhanus Technologies Limited. Dhanus Technologies, Inc is formed to support the activity of the Company i.e. to market the services and provide support to the implementation of the projects in their respective regions. Dhanus Technologies Limited has remitted an amount of US\$ 7,05,000 (Rs. 3,12,00,550/-) as total consideration till date for fully paid non-assessable Equity shares of the face value of US\$ 0.01 per Equity Share of Dhanus Technologies, Inc through the RBI automatic approval route.

The wholly owned subsidiary has been set up under the Automatic Route for overseas direct investment, in terms of Notification No. FEMA 120/RB-2004 dated July 7, 2004.

Board of Directors

The Board of Directors of the Company is as follows:

Name	Designation
A.D. Sudhindra	Director

Shareholding Pattern as 31.12.2006

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1.	Dhanus Technologies Limited	2,90,90,000	100.00
	Total	2,90,90,000	100.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company.

Shareholders' Agreements

At present, there are no shareholders agreements between the Company and any other person.

Other agreements

The Company has not entered into any such agreements.

Material Contracts

The Company has not entered into any material contracts.

Strategic Partners

The Company, as on date, has no strategic partners.

Financial Partners

The Company, as on date, has no financial partners.

v. MANAGEMENT AND ORGANISATION

As per the Articles of Association, the Company shall not have less than three (3) and not more than twelve (12) Directors unless otherwise determined by the Company in a General Meeting. As of date, the Company has ten (10) Directors out of which only four (4) are Executive Directors, one (1) is a Non Executive Director and five (5) are Independent Directors. The Company has a Chairman who is an Executive Director.

Board of Directors

The following table sets forth the details regarding the Board of Directors.

Sl. No.	Name, Designation, Qualification, Address, Date of Birth (DOB), Age, DIN, Occupation and Term,	Date of Appointment	Other Directorships
1.	<p>Mr. A.D. Sudhindra <i>Executive Chairman</i> S/o Mr. A.S. Dathu Rao No. 4/463, III Main Road Swaminath Nagar Kottivakkam Chennai – 600 041 India</p> <p>DOB: 27.2.1954 53 Years</p> <p>DIN - 00213555 Business</p> <p>Term: 5 Years 1.10.2005 to 30.9.2010</p>	<p>2.4.1993</p> <p><i>(Appointed as Executive Chairman w.e.f 1.10.2005)</i></p>	<p>1. Dhanus Global Medicare Limited 2. Dhanus Technologies, Inc., USA 3. Mpingi Inc., USA</p>
2.	<p>Mr. V. Narayanaswamy <i>Managing Director</i> M. Com S/o Mr. N. Venkatesan No.174, West Chitra Street Srirangam Trichy – 620 006 India</p> <p>DOB: 15.12.1959 47 Years</p> <p>DIN -00125699 Business</p> <p>Term: 3 Years 15.5.2007 to 14.5.2010</p>	<p>15.5.2002</p> <p><i>(Appointment as Managing Director)</i></p>	<p>1. Dhanus Global Medicare Limited 2. Dhanus Agro and Chemicals, Partner</p>

6.	<p>Mr. G. Rathan Kumar <i>Non-Executive & Independent Director</i> S/o Mr. J. Ghewar Chand B. Com, FCA 20 (New No. 43), Singanna Chetty Street Chintadripet Chennai – 600 002 India</p> <p>DOB: 16.11.1959 47 Years</p> <p>DIN -000322119 Practising Chartered Accountant</p> <p>Retire by Rotation</p>	<p>27.4.2006</p> <p><i>(Appointed as Additional Director and approved in the AGM held on 29.12.2006)</i></p>	<p>1. E-Cube Education Services Private Limited 2. Onkar Garden Private Limited 3. Purvodaye Builders Private Limited</p> <p><i>Member:</i></p> <p>i. Business Advisory Council of the Great Lakes Institute of Management, Chennai. ii. Chartered Accountants Study Circle Society of Auditors iii. Association of Chartered Accountants iv. Bombay Chartered Accountants Society</p>
7.	<p>Mr. Parag Keshar Bhattacharjee <i>Non-Executive & Independent Director</i> S/o Late Mr. Padma Kumar Bhattacharjee M.A (Economics), CAIIB BG 149, Sector 2, Salt Lake Bidhannagar Kolkata – 700 091 India</p> <p>DOB: 18.1.1939 68 Years</p> <p>DIN -00081899 Consultant</p> <p>Retire by Rotation</p>	<p>28.6.2006</p> <p><i>(Appointed as Additional Director and approved in the AGM held on 29.12.2006)</i></p>	<p>1. Kanco Enterprises Limited 2. Global Investment Trust Limited 3. Stesalt Limited 4. Cheviot Company Limited 5. SBI Home Finance Limited 6. Quipo Infrastructure Equipment Limited 7. M.S.M. Energy Limited 8. Kaushalya Infrastructure Development Corporation Limited 9. Kilburn Chemicals Limited 10. Suryachakra Power Corporation Ltd</p>
8.	<p>Mr. R. Venkatraman <i>Non-Executive Director</i> Fellow(Institute of Electronics & Telecommunications Engineering) S/o Mr. K. Ramanatha Iyer B-198, 4th Avenue Sainikpuri Secunderabad - 500 094 India</p> <p>DOB: 19.8.1939 68 Years</p> <p>DIN -00390954 Business</p> <p>Retire by Rotation</p>	<p>7.8.2006</p> <p><i>(Appointed as Additional Director and approved in the AGM held on 29.12.2006)</i></p>	<p>1. PEC Automation Products and Software Services Private Limited 2. PEC Potentiometers Private Limited 3. Electronic Enamels and Glasses Private Limited</p>

9.	Mr. R. Radhakrishna <i>Non-Executive & Independent Director</i> S/o R Rama Rao Fellow(Institute of Chartered Ship Brokers) AL 125 New No. AL38 2 nd Street, 12 th Main Road, Anna Nagar Chennai – 600040 DOB: 06.12.1930 76 Years DIN -01271873 Retired Retire by Rotation	29.1.2007 <i>(Appointed as Additional Director)</i>	-
10.	Mr. T.S. Srinivasan <i>Non-Executive & Independent Director</i> S/o T S Thiruvengkatachari IRS Flat No. 101, Akshaya Apartments 48/3, Pachiappas College Hostel Road, Chetpet Chennai – 600031 DOB: 18.06.1937 70 Years DIN -00228812 Retired Retire by Rotation	29.1.2007 <i>(Appointed as Additional Director)</i>	1. Pegasus Assets Reconstruction Pvt. Limited

Brief Profile of the Board of Directors

Mr. A.D. Sudhindra, *Executive Chairman*

Mr. A.D. Sudhindra, aged 53 years, is the Executive Chairman of the Company. He has about thirty three years of experience in the IT and Telecom services industry. Mr. Sudhindra graduated in B.E. (Electrical Engineering) from University of Mysore in 1974. A software engineer by profession, he has held senior management positions in various companies. He has worked as Systems Engineering Manager with HCL Ltd., and has lead teams in TCP/IP, ORACLE, Sybase development and had developed ORACLE Corporate training modules. He had worked as Director (Technical) with ICNET Ltd., which was one of the first e-mail providers in India. At ICNET, he was instrumental in designing, developing and implementing the entire network and set up the Company's US subsidiaries and their operations. He was also the President and CEO of SWIFT Mail Communications Ltd. where he implemented and improved telex over IP services. Mr. Sudhindra was appointed as Managing Director on April 2, 1993 for a period of 3 years upto April 1, 1996. He was appointed as the Executive Chairman of the Company for a period of five years w.e.f 1.10.2005. He handles the technology aspects of the telecalling, telematics and ITES functions of the Company and is responsible for all Systems and Processes at the Company. He is responsible for product strategy and technical direction of the Company's products and manages the Company's research and development teams. Mr. Sudhindra was instrumental in setting up the US subsidiaries and developing business in the US. He developed and launched Mpingi broadband phone services in the US. Mr. Sudhindra is Director on the Board of both Dhanus Technologies Inc., and Mpingi Inc, in the US. He is a member of the IPO committee of the Board.

Mr. V. Narayanaswamy, *Managing Director*

Mr. V. Narayanaswamy, aged 47 years, is the Managing Director of the Company. He is a Masters in Commerce from University of Madras, and has completed his intermediate from the Institute of Company Secretaries of India. He has worked as Finance & Accounts Manager with McDowell's Ltd., where he handled the company's secretarial, branch and Company accounts and finance. He was the Finance & Accounts Manager with HCL Ltd. He later worked as Consultant to large industrial houses in the areas of corporate, finance and personnel matters. Mr. Narayanaswamy was appointed as Managing Director on May 15, 2002 for a period of 5 years upto May 14, 2007. He was re-appointed as Managing Director w.e.f 15.5.2007 for a period of three years till May 14, 2010. He is responsible for the finance and corporate services functions of the Company. He has over twenty three years of experience in the areas of finance, corporate laws, and business and heads the overall operations in India. He is specifically responsible for all the accounts, finance, corporate governance and statutory compliances related aspects. His strategy-planning along with knowledge of the core businesses of Dhanus has contributed to the Company's continued growth and expansion. He is a member of the Shareholder's Grievance committee and IPO committee of the Board.

Capt. D. S. Srinivasan, *Joint Managing Director*

Captain D.S. Srinivasan, aged 44 years, is the Joint Managing Director of the Company. He is a graduate of T.S. Rajendra, and a Master Mariner FG. He is also a qualified Quality Management Systems Auditor. He started his career as Ship's Master with Great Eastern Shipping Company Ltd., where he commanded various tankers including the company's flagship VLCC and then moved as Marine Co-ordinator with Dynacom Tankers Ltd., Athens, Greece where he was involved with strategic planning and fleet expansion program. He was later the Director of Sirius Shipping Co. Ltd., Chennai where his forte was project planning, sale and purchase of vessels and execution of Charter party and agreements. He has extensive experience in general and corporate management, strategic planning etc. He was appointed as Director of the Company w.e.f 15.5.2002 and was appointed as an Executive Director of the Company for a period of five years w.e.f 1.10.2005. Capt D.S. Srinivasan was re-designated as Joint Managing Director of the Company w.e.f 1.3.2006. He is responsible for the Company's product delivery and operations. He is also responsible for delivering business value solutions that is built around the core technology of the Company. He is also responsible for planning, organizing and controlling the business products from conceptual stages through optimizing profits and meeting development marketing, financial and corporate growth initiatives. He is a member of the IPO committee of the Board.

Mr. S. Muthukrishnan, *Director (Marketing)*

Mr. S. Muthukrishnan, aged 57 years, is the Director (Marketing) of the Company. He is a B. Tech in Chemical Engineering and had secured 1st class with distinction from Alagappa Chettiar College of Technology, Anna University. He started his career with Shriram Chemicals as Management Trainee. He then went on to promote Madhura Polymers and Hyderabad Wires for manufacturing detonator accessories, power cables and wires. He was the Managing Director of Aqavin Pipes Ltd., and Proprietor of Sella Finance. Mr. Muthukrishnan is Partner of Madhura Remedies and Sella Bio Medicines through which he marketed the first indigenously manufactured Hepatitis B vaccine. Both the firms continue to exist, but are not operational. He was also the Proprietor of Madhura Explochem which has one of the largest licensed capacities in Asia for soldering of detonator wires. He is currently the Chairman of Sree Sella Infrastructure & Projects Ltd., which has projects in water supply, sewage treatments etc. Mr. S. Muthukrishnan was appointed as an Additional Director of the Company w.e.f 30.3.2006 and the same was approved at the AGM held on 29.12.2006. He has been appointed as Director (Marketing) of the Company w.e.f 1.6.2006. He heads the sales and marketing operations of the Company, and handles coordination and relationship development among distributors.

Mr. S. Manoharan, *Independent Director*

Mr. S. Manoharan, aged 52 years, is an Independent Director of the Company. He is an undergraduate and has inherited family business of textile trading. He has been in the textile business for the last thirty two years and has travelled widely in connection with the exports side of his business. He has wide experience in various areas of business including marketing. He was appointed as an Additional Director of the Company w.e.f 27.6.2005 and later as a Director liable to retire by rotation at the AGM held on 15.12.2005. He is a member of the audit committee, remuneration committee and Shareholder's Grievance Committee of the Board.

Mr. G. Rathan Kumar, *Independent Director*

Mr. G. Rathan Kumar, aged 47 years, is an Independent Director of the Company. He is a Graduate in Commerce from Loyola College, Chennai, University of Madras and had stood first in the University. He is also a Fellow Member of the Institute of Chartered Accountants of India. He is practicing as a Chartered Accountant for the last two decades with exposure in the areas of bank audits, company audits, taxation matters, service tax matters, concurrent audits, preparation of project reports, advising in matters pertaining to Corporate Governance, Treasury Management, fiscal management and matters pertaining to Capital Markets and liaisons with public financial institutions, capital market regulatory bodies, stock exchanges etc. He is also member of several autonomous bodies like the Business Advisory Council of the Great Lakes Institute of Management, Chennai, Chartered Accountants Study Circle, Society of Auditors, Association of Chartered Accountants and Bombay Chartered Accountants Society. Mr. G. Rathan Kumar has been appointed as an Additional Director of the Company w.e.f 27.4.2006 and was appointed as a Director liable to retire by rotation at the AGM held on 29.12.2006. He is a member of the audit committee, remuneration committee, Shareholder's Grievance Committee and IPO committee of the Board.

Mr. Parag Keshar Bhattacharjee, *Independent Director*

Mr. Parag Keshar Bhattacharjee, aged 68 years, is an Independent Director of the Company. He is a Masters in Economics, and a CAIIB. He started his career as a Lecturer in Economics with Jadavpur University, Kolkata, and then joined the State Bank of India in 1960 as a Probationary Officer. He has held various important positions within the State Bank of India and retired in January, 1999 as Deputy Managing Director & Chief Financial Officer. Post-retirement, Mr. Bhattacharjee has been serving as Non-Executive Chairman of SBI Home Finance Ltd.; empanelled as an Arbitrator with National Stock Exchange of India Ltd. (NSE) since December 2004; listed in the panel of Arbitrators with NCDEX, Mumbai and is a Banking & Finance Consultant with SREI Infrastructure Finance Ltd. Mr. Bhattacharjee has been appointed as an Additional Director of the Company w.e.f 28.6.2006 and he was appointed as a Director liable to retire by rotation at the AGM held on 29.12.2006.

Mr. R. Venkatraman, *Non-Executive Director*

Mr. R. Venkatraman, aged 68 years, is a Non-Executive Director of the Company. He is a science graduate and Fellow of the Institute of Electronics and Telecommunications Engineering. Mr. Venkatraman has vast experience and has worked with BARC Electronics Division, Asian Electronics Ltd., Tata Research & Development (Component Development), Precision Electronic Components Manufacturing Company, Electronic Enamels & Glasses Pvt. Ltd., PEC Potentiometers Pvt. Ltd., PEC Automation Products & Software Service Pvt. Ltd. He was the President of Electronic Industries Association of Andhra Pradesh during the period 1984-85, and 1998-2000; and was the President of Electronic Component Industries Association of India, ELCINA in 1984-85 and 1992-93. Mr. R. Venkatraman has been appointed as an Additional Director of the Company w.e.f 7.8.2006 and was appointed as a Director liable to retire by rotation at the AGM held on 29.12.2006.

Mr. R. Radhakrishna, *Independent Director*

Mr. R. Radhakrishna, aged 76 years, is an Independent Director of the Company. He is a Graduate in Arts and a Fellow of the Institute of Chartered Ship Brokers, Baltic Exchange, London. He was ranked first in India and 6th in the Commonwealth in the AICS exam held in 1964. He has an experience of over four decades in various positions in the shipping industry. He was associated as Deputy Manager with India Steamship Company Ltd.; as General Manager (Shipping) and later as Executive Director (Shipping) with South India Corporation (Agencies) Ltd.; and later as Managing Director of Pearl Ships Ltd. Mr. Radhakrishna was instrumental for the consolidation and progress of the Company and developed contacts with Ship-owners, Charterers, Broking Houses etc worldwide. He is the recipient of "Shiromani" Award in May, 1990 from the Chief Minister of Tamil Nadu for excellence in Human Achievements. Mr. R. Radhakrishna has been appointed as an Additional Director w.e.f from January 29, 2007.

Mr. T.S. Srinivasan, *Independent Director*

Mr. T S Srinivasan, aged 70 years, is an Independent Director of the Company. He is a graduate from Madras Christian College and joined the Indian Revenue Service in 1959 after qualifying in

the U.P.S.C. examination. He has worked as Commissioner of Income Tax in Nagpur and Chennai and as Chief Commissioner and Director General in Chennai and Delhi. He was Member, Central Board of Direct Taxes (CBDT), Ministry of Finance and was appointed as Chairman, CBDT in July 1994. Mr. Srinivasan has handled taxation of banks, insurance and foreign companies, investigation and income tax intelligence, audit and judicial representations, personnel and service matters, investigation and administering tax policy. He has also led delegations of tax experts from the Ministry of Finance for discussions with the International Monetary Fund on the development of tax systems and tax administration; and to Oman and Morocco to negotiate agreements for the avoidance of double taxation. Mr. T S Srinivasan has been appointed as an Additional Director w.e.f from January 29, 2007. He is a member of the audit committee and remuneration committee of the Board.

DETAILS OF BORROWING POWERS

As per the Articles of Association of the Company reproduced herein-below, the Company has the following powers:

Article 66: The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

Vide a resolution passed at the Annual General Meeting of the Company held on December 29, 2006, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of Companies Act, 1956, and subject to the necessary approvals, sanctions and permissions as may be required from such authorities, to borrow such sum from time to time for the business purpose of the company from its members by way of deposits, repayable on demand or from Banks or Institutions or from others up to a limit of Rs. 100,00,00,000/- (Rupees One Hundred Crores only) in such manner and on such terms and conditions as the Board of Directors may deem fit, notwithstanding that such borrowings may exceed the paid-up capital and Free Reserves of the Company.

The Board was also accorded consent under Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions, if any, for mortgaging and/charging by the Board of Directors of the Company all/any of the moveable or immovable properties both present and future or dispose of the whole or substantially the whole of the undertaking or the undertakings of the company and securing any loan obtained or as may be obtained from any Banks or Financial Institutions, Banks, Companies, or persons or persons together with interest, costs, charges, expenses and any other money payable by the company.

Terms of Appointment and Compensation of Managing Director & Whole Time Directors

1. Mr. A.D. Sudhindra, *Executive Chairman*

Mr. A.D. Sudhindra was first time appointed as Managing Director on April 2, 1993 for a period of 3 years upto April 1, 1996, which was taken on record by the Board of Directors in its meeting, held on April 2, 1993.

The shareholders in the Extra Ordinary General Meeting held on October 6, 2005 approved the appointment and remuneration of Mr. A.D. Sudhindra, as Executive Chairman for a period of five years with effect from 01.10.2005 on a salary of Rs. 50,000/- per month and with further liberty to the Directors, from time to time, to alter the said terms as may be deemed fit.

The terms of remuneration of Mr A D Sudhindra was revised by the shareholders in the Extra Ordinary General Meeting held on January 23, 2006 whereby his salary was increased w.e.f December 1, 2005 from Rs. 50,000.00 (Rupees Fifty Thousand) per month

to Rs. 70,000.00 (Rupees Seventy Thousand) per month and with further liberty to the Directors, from time to time, to alter the said terms as may be deemed fit.

Mr. A.D. Sudhindra's remuneration was further increased with effect from October 1, 2006, in the Annual General Meeting held on December 29, 2006 whereby his salary was increased from Rs. 70,000.00 (Rupees Seventy Thousand) per month to Rs. 2,00,000.00 (Rupees Two Lakhs) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Mr A D Sudhindra, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Mr. A.D. Sudhindra is to be paid the following remuneration w.e.f October 1, 2006:

Salary

Rs.200000/- (Rupees Two Lakhs only) per month with authority to the Board of Directors to grant suitable increments from time to time, as it may determine, to the Salary payable to Mr. A D Sudhindra

Perquisites

(i) Housing

Suitable residential accommodation, free of cost with all facilities, amenities and services (including gas, electricity, water and furnishings). In case Mr. A D Sudhindra does not opt for company provided accommodation at any time, he shall be paid house rent allowance of a sum not exceeding 50% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him shall be evaluated as per the Income Tax Rule, 1962.

(ii) Medical Re-imbusement

Reimbursement of medical expenses incurred by Mr. A D Sudhindra for self and family in accordance with rules and regulations of the Company as may be enforced from time to time.

(iii) Leave and Leave Travel Concession

Leave period of 6 weeks on full pay and allowances, for the entire period of 12 months of services, subject to the conditions that the leave accumulated but not availed of will not be allowed to be en-cashed. The Company will bear the full costs of leave passage for Mr.A D Sudhindra and his family, once during the period of 12 months to any destination in India. In case it is proposed that the leave be spend abroad, the Company will bear the full cost of air passage by Club Class for Mr. A D Sudhindra and his family for the said period not exceeding the cost of return passage to his home country.

(iv) Club Fees

Mr. A D Sudhindra shall be entitled to the reimbursement of fees of any two clubs in India, including admission or entrance fees and monthly or annual subscriptions.

(v) Personal Accident Insurance

The Company shall pay an annual premium of a sum not exceeding Rs. 7000/- for a personal accident insurance policy of Mr. A D Sudhindra.

(vi) Car, Driver & Telephone

The Company will provide Mr. A D Sudhindra with a Car and driver and a Telephone at his residence for use on Company's business. Use of Car for private purposes and

personal long distance calls on the telephone shall be billed by the Company to Mr. A D Sudhindra.

In case the Company is not able to provide a driver to Mr. A D Sudhindra for engaging a driver will be reimbursed to him as per the Company's rules.

Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, benefits and perquisites payable or extended to Mr. A D Sudhindra shall be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be in force from time to time.

2. Mr V. Narayanaswamy, Managing Director

Mr. V. Narayanaswamy was first time appointed as Managing Director on May 15, 2002 for a period of 5 years upto May 14, 2007, pursuant to Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act and as per the approval of the shareholders in the Extra Ordinary General Meeting held on May 15, 2002 on a monthly remuneration of Rs. 15,000.00 per month and perquisites as applicable to the employees of the Company.

Mr. V. Narayanaswamy was to be paid the above as minimum remuneration in case of absence or inadequacy of profit in any financial year.

The terms of remuneration of Mr V Narayanaswamy, Managing Director was revised by the shareholders in the Extra Ordinary General Meeting held on October 6, 2005 whereby his salary was increased w.e.f October 1, 2005 from Rs. 15,000.00 (Rupees Fifteen Thousand) per month to Rs. 50,000.00 (Rupees Fifty Thousand) per month and with further liberty to the Directors, from time to time, to alter the said terms as may be deemed fit.

Mr. V. Narayanaswamy's remuneration was increased with effect from December 1, 2005, in the Extra Ordinary General Meeting held on January 23, 2006 whereby his salary was increased w.e.f December 1, 2005 from Rs. 50,000.00 (Rupees Fifty Thousand) per month to Rs. 70,000.00 (Rupees Seventy Thousand) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Mr V Narayanaswamy, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Mr. V. Narayanaswamy's remuneration was further increased with effect from October 1, 2006, in the Annual General Meeting held on December 29, 2006 whereby his salary was increased from Rs. 70,000.00 (Rupees Seventy Thousand) per month to Rs. 2,00,000.00 (Rupees Two Lakhs) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Mr V Narayanaswamy, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Mr. V. Narayanaswamy has since been re-appointed as Managing Director w.e.f 15.5.2007 for a period of three years by the Board of Directors in their meeting held on March 17, 2007, which is subject to the approval of the shareholders.

His remuneration and terms and conditions shall be as under:

Salary

Rs. 2,00,000/- (Rupees Two Lakhs only) per month with authority to the Board of Directors to grant suitable increments from time to time, as it may determine, to the Salary payable to Mr. V. Narayanaswamy.

Perquisites:

i. Housing

Suitable residential accommodation, free of cost with all facilities, amenities and services (including gas, electricity, water and furnishings). In case Mr. V. Narayanaswamy, does not opt for company provided accommodation at any time, he shall be paid house rent allowance of a sum not exceeding 50% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him shall be evaluated as per the Income Tax Rule, 1962.

ii. Medical Re-imbusement

Reimbursement of medical expenses incurred by Mr. V. Narayanaswamy, for self and family in accordance with rules and regulations of the Company as may be enforced from time to time.

iii. Leave and Leave Travel Concession

Leave period of 6 weeks on full pay and allowances, for the entire period of 12 months of services, subject to the conditions that the leave accumulated but not availed of will not be allowed to be encashed. The Company will bear the full costs of leave passage for Mr. V. Narayanaswamy and his family, once during the period of 12 months to any destination in India. In case it is proposed that the leave be spend abroad, the Company will bear the full cost of air passage by Club Class for Mr. V. Narayanaswamy and his family for the said period not exceeding the cost of return passage to his home country.

iv. Club Fees

Mr. V. Narayanaswamy shall be entitled to the reimbursement of fees of any two clubs in India, including admission or entrance fees and monthly or annual subscriptions.

v. Personal Accident Insurance

The Company shall pay an annual premium of a sum not exceeding Rs.7000/- for a personal accident insurance policy of Mr. V. Narayanaswamy.

vi. Car, Driver & Telephone

The Company will provide Mr. V. Narayanaswamy with a Car and driver and a Telephone at his residence for use on Company's business. Use of Car for private purposes and personal long distance calls on the telephone shall be billed by the Company to Mr. V. Narayanaswamy.

In case the Company is not able to provide a driver to Mr. V. Narayanaswamy, the

period of five years with effect from October 1, 2005 on a salary of Rs. 50,000.00 (Rupees Fifty Thousand) per month and with further liberty to the Directors, from time to time, to alter the said terms as may be deemed fit

Capt D S Srinivasan's designation was changed from Executive Director to Joint Managing Director for the period March 1, 2006 to September 30, 2010 i.e., for the remaining period of his term of office as an Executive Director.

Capt D S Srinivasan's remuneration was increased with effect from December 1, 2005, in the Extra Ordinary General Meeting held on January 23, 2006 whereby his salary was increased from Rs. 50,000.00 (Rupees Fifty Thousand) per month to Rs. 70,000.00 (Rupees Seventy Thousand) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Capt D S Srinivasan, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Capt D S Srinivasan's remuneration was further increased with effect from October 1, 2006, in the Annual General Meeting held on December 29, 2006 whereby his salary was increased from Rs. 70,000.00 (Rupees Seventy Thousand) per month to Rs. 2,00,000.00 (Rupees Two Lakhs) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Capt D S Srinivasan, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Capt D S Srinivasan is to be paid the following remuneration w.e.f October 1, 2006:

Salary

Rs. 200000/- (Rupees Two Lakhs only) per month with authority to the Board of Directors to grant suitable increments from time to time, as it may determine, to the Salary payable to Capt.D.S.Srinivasan.

Perquisites:

(i) Housing

Suitable residential accommodation, free of cost with all facilities, amenities and services (including gas, electricity, water and furnishings). In case Capt.D.S.Srinivasan, does not opt for company provided accommodation at any time, he shall be paid house rent allowance of a sum not exceeding 50% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him shall be evaluated as per the Income Tax Rule, 1962.

(ii) Medical Re-imbusement

Reimbursement of medical expenses incurred by Capt.D.S.Srinivasan, for self and family in accordance with rules and regulations of the Company as may be enforced from time to time.

(iii) Leave and Leave Travel Concession

Leave period of 6 weeks on full pay and allowances, for the entire period of 12 months of services, subject to the conditions that the leave accumulated but not availed of will not be allowed to be encashed. The Company will bear the full costs of leave passage for Capt.D.S.Srinivasan and his family, once during the period of 12 months to any destination in India. In case it is proposed that the leave be spend abroad, the Company will bear the full cost of air passage by Club Class for Capt.D.S.Srinivasan and his family for the said period not exceeding the cost of return passage to his home country.

(iv) **Club Fees**

Capt.D.S.Srinivasan shall be entitled to the reimbursement of fees of any two clubs in India, including admission or entrance fees and monthly or annual subscriptions.

(v) **Personal Accident Insurance**

The Company shall pay an annual premium of a sum not exceeding Rs.7000/- for a personal accident insurance policy of Capt.D.S.Srinivasan.

(vi) **Car, Driver & Telephone**

The Company will provide Capt.D.S.Srinivasan with a Car and driver and a Telephone at his residence for use on Company's business. Use of Car for private purposes and personal long distance calls on the telephone shall be billed by the Company to Capt. D.S.Srinivasan.

In case the Company is not able to provide a driver to Capt.D.S.Srinivasan, the expenses for engaging a driver will be reimbursed to him as per the Company's rules.

Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, benefits and perquisites payable or extended to Capt.D.S.Srinivasan shall be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be in force from time to time.

4. **Mr. S. Muthukrishnan, Director (Marketing)**

Mr. S. Muthukrishnan was appointed as an Additional Director of the Company with effect from March 30, 2006. Pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, read with Schedule XIII to the Act, and subject to the approval of the members in the ensuing annual general meeting, he was designated as Director (Marketing) for a period of five years with effect from June 1, 2006 on a salary of Rs. 50,000.00 (Rupees Fifty Thousand) per month.

Mr. S. Muthukrishnan's remuneration was increased with retrospect from June 1, 2006, in the Annual General Meeting held on December 29, 2006 whereby his salary was increased from Rs. 50,000.00 (Rupees Fifty Thousand) per month to Rs. 70,000.00 (Rupees Seventy Thousand) per month, pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act, with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Mr. S. Muthukrishnan, which shall be subject to the overall ceiling as to the remuneration laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Act.

Mr. S. Muthukrishnan is to be paid the following remuneration w.e.f June 1, 2006:

Salary

Rs.70,000 (Rupees seventy thousand only) per month with authority to the Board of Directors to grant suitable increments from time to time, as it may determine, to the Salary payable to Shri. S. Muthukrishnan.

Perquisites:

i. **Housing**

Suitable residential accommodation, free of cost with all facilities, amenities and services (including gas, electricity, water and furnishings). In case Shri. S. Muthukrishnan, does not opt for company provided accommodation at any time, he shall be paid house rent allowance of a sum not exceeding 60% of the salary. The

expenditure incurred by the Company on gas, electricity, water and furnishings provided to him shall be evaluated as per the Income Tax Rule, 1962.

ii. **Medical Re-imbusement**

Reimbursement of medical expenses incurred by Shri. S. Muthukrishnan, for self and family in accordance with rules and regulations of the Company as may be enforced from time to time.

iii. **Leave and Leave Travel Concession**

Leave period of 6 weeks on full pay and allowances, for the entire period of 12 months of services, subject to the conditions that the leave accumulated but not availed of will not be allowed to be encashed. The Company will bear the full costs of leave passage for Shri. S. Muthukrishnan and his family, once during the period of 12 months to any destination in India. In case it is proposed that the leave be spend abroad, the Company will bear the full cost of air passage by Club Class for Shri.S.Muthukrishnan, and his family for the said period not exceeding the cost of return passage to his home country.

iv. **Club Fees**

Shri.S.Muthukrishnan shall be entitled to the reimbursement of fees of any two clubs in India, including admission or entrance fees and monthly or annual subscriptions.

v. **Personal Accident Insurance**

The Company shall pay an annual premium of a sum not exceeding Rs. 7000/- for a personal accident insurance policy of Shri.S.Muthukrishnan.

vi. **Car, Driver & Telephone**

The Company will provide Mr. Muthukrishnan with a Car and driver and a Telephone at his residence for use on Company's business. Use of Car for private purposes and personal long distance calls on the telephone shall be billed by the Company to Mr. S. Muthukrishnan.

In case the Company is not able to provide a driver to Shri.S.Muthukrishnan the expenses for engaging a driver will be reimbursed to him as per the Company's rules.

Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, benefits and perquisites payable or extended to Mr. S. Muthukrishnan shall be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be in force from time to time.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & SUB-COMMITTEES

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

The Company stands committed to good Corporate Governance practices. The corporate governance philosophy is dedicated to the attainment of the highest levels of accountability and transparency in dealings with its stakeholders. The corporate governance policies lay emphasis on communication (both internal and external) and reporting. These vital initiatives extend beyond mandatory corporate governance requirements and are in accordance with the Company's aim of establishing voluntary best practices for good corporate governance practices.

To comply with the guidelines in relation to Corporate Governance, the Company has appointed 5 independent directors, viz. Mr. S. Manoharan, Mr. G. Rathan Kumar, Mr. Parag Keshar Bhattacharjee, Mr. R. Radhakrishna and Mr. T S Srinivasan on its Board. As the Chairman of the Company is an Executive Director, one-half of the Board of Directors comprises Independent Directors.

The Board of Directors, as on date, comprises a total of ten (10) Directors which includes one (1) Executive Chairman, one (1) Managing Director, one (1) Joint Managing Director, one (1) Director (Marketing), one (1) Non-Executive Non-Independent Director and five (5) Independent Directors.

The Company has already formed the Audit Committee, Remuneration Committee, Shareholder's Grievance Committee, and the IPO committee.

1. Audit Committee

The Audit committee was constituted by the Board of Directors in its meeting held on 12th September, 2005. The Audit Committee was reconstituted on the 29th of January, 2007 and consists of three Non-Executive Independent Directors and has the following terms of reference and composition:

a) Terms of Reference

- i Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii Recommending to the Board, the appointment, reappointment and if required, the replacement and removal of the statutory auditors and fixation of audit fees
- iii Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Director's Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgement by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report.
- v Reviewing with management, the quarterly financial statements before submission to the Board for approval;
- vi Reviewing with management, performance of statutory auditors, and adequacy of internal auditors;
- vii Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, and;
- viii Review the functioning of the Whistle Blower mechanism, in case the same exists.

b) Composition

Sl. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. G. Rathan Kumar	Chairman	Non-Executive & Independent
2	Mr. T.S. Srinivasan	Member	Non-Executive & Independent
3	Mr. S. Manoharan	Member	Non-Executive & Independent

The Statutory Auditors, the Internal Auditor and the CFO & Company Secretary of the Company are permanent invitees. Mr. V. Baskaran, CFO and Company Secretary is the Secretary of the Committee.

2. Remuneration Committee:

The Remuneration Committee was constituted by the Board of Directors in its meeting held on 28th March, 2002. The Remuneration Committee was re constituted on the 29th of January, 2007 and has the following terms of reference and composition:

a) Terms of Reference:

- a. To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.
- b. To approve the Annual Remuneration Plan of the Company.

b) Composition:

Sl. No	Name of the Director	Status	Nature of Directorship
1.	Mr. S. Manoharan	Chairman	Non-Executive & Independent
2.	Mr. G. Rathan Kumar	Member	Non-Executive & Independent
3.	Mr. T.S. Srinivasan	Member	Non-Executive & Independent

Mr V. Baskaran, CFO and Company Secretary is the Secretary of the Committee.

c) Remuneration Policy:

The remuneration policy of the Company is driven by the success and performance of each individual employee and the company. The Company seeks to attract, retain, develop and motivate a high performance workforce through its compensation programme. The Company follows a compensation mix of fixed pay and benefits, Individual performance pay is determined by business performance and the performance of individual measured

shareholders and investors' complaints, oversee share transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. and redressal thereof. It has the following terms of reference and composition:

a. Terms of Reference:

- i. To accept the share application along with the share application money and reject the application as may be deemed fit and proper;
- ii. To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the Company;
- iii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- iv. To look into the shareholder complaints, if any, and to redress the same expeditiously.

b. Composition:

Sl. No.	Name of the Director	Status	Nature of Directorship
1.	Mr.G. Rathan Kumar	Chairman	Non-Executive & Independent
2.	Mr. S. Manoharan	Member	Non-Executive & Independent
3.	Mr.V. Narayanaswamy	Member	Managing Director

The CFO and Company Secretary of the Company, Mr V. Baskaran is the Compliance Officer.

There were no unresolved complaints/transfer pending.

4. IPO Committee:

The IPO Committee was formed on 29th January, 2007 and has the following terms of reference and composition:

a) Terms of Reference:

- i. To take decisions relating to any matter arising pre or post in respect of Initial Public Offer to the public and to deal with SEBI, Stock exchange, all intermediaries and to do all such acts and things as deemed necessary for the purpose; and
- ii. To monitor deployment of issue proceeds.

b) Composition:

Sl. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. V. Narayanaswamy	Chairman	Managing Director
2.	Mr. A.D. Sudhindra	Member	Executive Chairman
3.	Capt. D.S. Srinivasan	Member	Joint Managing Director
4.	Mr. G. Rathan Kumar	Member	Non- Executive & Independent

Shareholding of the Directors

The shareholding of the Directors on the date of the issue of the Red Herring Prospectus is as follows:

Sl. No.	Name of the Director	No. of Shares	%age of the pre-issue paid up Share Capital
1.	Mr. A.D. Sudhindra	19,44,100	13.78
2.	Mr. V. Narayanaswamy	19,65,298	13.93
3.	Capt. D.S. Srinivasan	19,47,500	13.80
4.	Mr. S. Muthukrishnan	8,89,370	6.30
5.	Mr. G. Rathan Kumar	90,000	0.64
6.	Mr R Venkatraman	95,000	0.67

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please refer "Capital Structure of the Company" beginning at page no. 21 of this Red Herring Prospectus.

Interest of the Directors

All the non-Executive Directors of Dhanus may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Dhanus with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations.

The Executive Directors of Dhanus are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company (For more details, please refer "Related Party Disclosures" as mentioned in page no. 190-191 of the Auditors' Report given in this Red Herring Prospectus. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of this Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Changes in Directors in the last three years

Sl. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. N.V.S. Ramakrishnan		27.6.2005	Resigned
2.	Mr. S. Manoharan	27.6.2005		Appointed as Additional Director
3.	Mr. Venkataraman Mani	27.6.2005		Appointed as Additional Director
4.	Mr. A.D. Sudhindra	1.10.2005		Appointed as Executive Chairman
5.	Capt. D.S. Srinivasan	1.10.2005		Appointed as Executive Director
6.	Mr. Venkataraman Mani		8.11.2005	Resigned
7.	Mr. A.V. Srinivasan	8.11.2005		Appointed as Executive Director

8.	Capt. D.S. Srinivasan	1.3.2006		Appointed as Joint Managing Director
9.	Mr. S. Muthukrishnan	30.3.2006		Appointed as Additional Director
10.	Mr. G. Rathan Kumar	27.4.2006		Appointed as Additional Director
11.	Mr. A.V. Srinivasan		26.5.2006	Resigned
12.	Mr. N. Sabapathi		26.5.2006	Resigned
13.	Mr. S. Muthukrishnan	1.6.2006		Appointed as Director (Marketing)
14.	Mr. Parag Keshar Bhattacharjee	28.6.2006		Appointed as Additional Director
15.	Mr. R. Venkatraman	7.8.2006		Appointed as Additional Director

16. Mr. S Mahesh

KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production, finance, accounts, marketing and corporate laws. The following key personnel assist the Management:

Details of the key managerial personnel are as follows:

Name	Designation	Age (Yrs)	Qualification	Date of Joining	Experience (Yrs)	Previous Employment
Mr. K.L. Jayakumar	President	41	B. Tech (Electronics), A.M.I.E. (London)	20.1.2005	20	Dr. Sarabhai Medical Systems, GmbH, Warburg, Germany
Mr. Srikanth Krishnamurthy	Vice President (Technical)	41	Bachelor's in Computer Technology	20.3.2006	17	FarOut Ventures
Mr. N. Sabapathy	Head (HR)	67	B.Sc. (Physics), D.M.I.T. (Automobile Engineering)	1.7.2006	27	Tamilnadu State Transport Corporation
Mr. V. Baskaran	CFO & Company Secretary	55	B. Com, FCS, AICWA	18.3.2006	33	Self Employed
Mr. A. Rathina Pandian	General Manager (Finance)	45	B. Com, MBA, CISA, ICWA (Inter)	19.4.2007	17	Sical Logistics Ltd.
Mr. Srivathsan Vallabhan	Vice President (Sales & Marketing)	31	Advanced course in Japanese language	10.6.2001	14	Earthshine Inc.
Mr. Suhas Kulkarni	Senior Manager - IT	34	B.E. (Electronics), Executive Diploma in Finance Management	7.11.2006	11	Onward Technologies Ltd.

Details of Key Managerial Personnel

1. Mr. K.L. Jayakumar, aged 41 years, is the President of the Company. He is a B. Tech in Electrics from madras Institute of Technology, and an A.M.I.E, from London. Mr. Jayakumar has over 14 years of experience. He started his career as Regional Manager with United Group where he was holding independent charge of sales and service of medical equipments and setting up Hi Tech Radio Diagnostic Centre. He later moved onto Dr. Sarabhai Medical Systems, GmbH, Warburg, Germany as Appraisal Engineer, appraising the value of the Medical Equipment from MRIs to X-Ra equipments for exports to third-world countries.
2. Mr. Srikanth Krishnamurthy, aged about 41 years, is Vice President (Technical) of the Company. He is a Bachelor in Computer Technology and has over 17 years of experience in Broadband Telephony, Telecom, Portal development for Unified Messaging, Softswitch implementation, IP Telephony interface, Text to Speech Integration etc. He joined the Company in 2006 and has worked with Appiant Technologies, and FarOut Ventures prior to joining Dhanus Technologies. He is responsible for deploying a Voice over Net initiative in the US and India and recruitment of system support and development staff.
3. Mr. N Sabapathy, aged about 67 years, is the Head (HR) of the Company. He is a B.Sc. (Physics) from Madras University and D.M.I.T. (Automobile Engineering) from M.I.T. He has over 27 years experience and prior to joining Dhanus, was the Managing Director of Tamilnadu State Transport Corporation. He was managing a work force of more than 3000 employees in the State Corporation. He joined the company in 2003 and looks after the human resource functional areas in the Company.
4. Mr. V. Baskaran, aged about 55 years is the CFO & Company Secretary of the Company. He is a graduate in Commerce, Fellow Member of the Institute of Company Secretaries of India

and an Associate Member of the Institute of Cost and Works Accountants of India. He has 33 years of experience in Strategic Financial Control, BPR, Accounts, Costing, Project Evaluation, Taxation, Auditing, Commercial and Legal functions in diverse industry segments. He joined the company in 2006. He looks after the Corporate, Secretarial, Legal, Finance functions and IPO related activities of the Company. Mr. Baskaran started his career with Indian Oil Corporation Ltd and has later worked as Company Secretary with Lakshmanan Isola Ltd., Deputy Secretary with Standard Motor Products of India Ltd., Group Company Secretary with MAC Group, CFO and Company Secretary with CG Maersk Information Technologies Ltd., and as Vice President (Finance) with Express Publications Madurai Ltd.

5. Mr. A. Rathina Pandian, aged 45 years, is General Manager (Finance). He has a B. Com, MBA from Madras University, Certified Information Systems Auditor(CISA) from Information Systems Audit and Control Association, USA, and has completed the Intermediate from the Institute of Cost & Works Accountants of India. Mr. Pandian started his career with Tuticorin Alkali Chemicals & Fertilizers Limited, then moved to Sical Ships India Limited as Joint General Manager (Finance), and later to Sical Logistics Limited as Head (Information Systems). Mr. Pandian has about 17 years of experience in Financial Accounting, Banking, Risk Management, Budgeting, Costing, Management Information Systems, Audit, ERP Project management etc.
6. Mr. Srivathsan Vallabhan, aged about 31 years, is the Vice President (Sales & Marketing) of the Company. He has completed an advanced course in Japanese language from AOTS DOSKAI, Chennai. He is well conversant with computer languages such as VC++, C#, Java, HTML, XML, WML, DHTML and PERL. He started his career as Senior Software Translator and Japanese Language Interpreter with Freelancer. He has then worked as Senior Consultant, Network Architect-Asia Pacific with IP Deliver Inc.,; as Technology Consultant with Freelance, and lastly as Chief Technology Officer with Earthshine Inc. Mr. Vallabhan has experience in selling value added telecom services. In Dhanus, he is responsible for identifying, distribution and marketing of V-Tel cards and in establishing distribution networks for the FleeTrac vehicle tracking services.
7. Mr Suhas Kulkarni, aged 34 years, is Senior Manager-IT. He is a B.E. in Electronics and has completed Executive Diploma in Finance Management. He has over 11 years of experience in IT Infrastructure Management, Network and Hardware Infrastructure, Onsite Consultancy Resource, Information Services and Project Management, Networking, installation, configuration and administration of File Servers, Print Servers etc. Mr. Kulkarni has worked with Akon Electronics as Hardware Engineer; Cerebra Integrated Technologies Ltd as Customer Support Engineer; DCM Data Systems Ltd as Customer Support Engineer and Applitech Solution Ltd as Asst. Manager (Information Service). Prior to joining Dhanus, he was with Onward Technologies Ltd as Manager – Systems & Networking.

All the abovementioned Key Managerial Persons are permanent employees of the Company.

It is confirmed that except as otherwise stated in this Red Herring Prospectus, all the above-mentioned key managerial personnel have no other material / pecuniary interest in the Company. Further, none of the key managerial personnel has been selected as director / member of senior management by virtue of any arrangement or understanding with major shareholders, customers, suppliers or others.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel, other than the ones listed below, hold any shares of the Company as on the date of this Red Herring Prospectus.

Sl. No.	Name	No. of shares
1.	N. Sabapathy	13,000
2.	K.L. Jayakumar	23,500

Bonus or Profit Sharing Plan for the Key Managerial Personnel

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

Changes in Key Managerial Personnel during the last 1 year:

Sl. No.	Name	Designation	Date of		Reason
			Joining	Leaving	
1.	Suhas Kulkarni	Senior Manager IT	7.11.2006		Appointed
2.	Raakesh Rajeev Prabhu	Sr. Manager-Operations		9.4.2007	Resigned
3.	A. Rathina Pandian	General Manager (Finance)	19.4.2007		Appointed

Family relation with Key Managerial Personnel (KMP)

There exists no family relation between the promoters/directors and the key managerial personnel.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

In the last two years, the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

vi. PROMOTERS

In the last two years the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

Promoters and their Background

Mr. A.D. Sudhindra, *Executive Chairman*

Mr. A.D. Sudhindra, aged 53 years, is the Executive Chairman of the Company. He has about thirty three years of experience in the IT and Telecom services industry. Mr. Sudhindra graduated in B.E. (Electrical Engineering) from University of Mysore in 1974. A software engineer by profession, he has held senior management positions in various companies. He has worked as Systems Engineering Manager with HCL Ltd., and has lead teams in TCP/IP, ORACLE, Sybase development and had developed ORACLE Corporate training modules. He had worked as Director (Technical) with ICNET Ltd., which was one of the first e-mail providers in India. At ICNET, he was instrumental in designing, developing and implementing the entire network and set up the Company's US subsidiaries and their operations. He was also the President and CEO of SWIFT Mail Communications Ltd. where he implemented and improved telex over IP services. Mr. Sudhindra was appointed as Managing Director on April 2, 1993 for a period of 3 years upto April 1, 1996. He was appointed as the Executive Chairman of the Company for a period of five years w.e.f 1.10.2005. He handles the technology aspects of the telecalling, telematics and ITES functions of the Company and is responsible for all Systems and Processes at the Company. He is responsible for product strategy and technical direction of the Company's products and manages the Company's research and development teams. Mr. Sudhindra was instrumental in setting up the US subsidiaries and developing business in the US. He developed and launched Mpingi broadband phone services in the US. Mr. Sudhindra is Director on the Board of both Dhanus Technologies Inc., and Mpingi Inc, in the US. He is a member of the IPO committee of the Board.

Mr. V. Narayanaswamy, *Managing Director*

Mr. V. Narayanaswamy, aged 47 years, is the Managing Director of the Company. He is a Masters in Commerce from University of Madras, and has completed his intermediate from the Institute of Company Secretaries of India. He has worked as Finance & Accounts Manager with McDowell's Ltd., where he handled the company's secretarial, branch and Company accounts and finance. He was the Finance & Accounts Manager with HCL Ltd. He later worked as Consultant to large industrial houses in the areas of corporate, finance and personnel matters. Mr. Narayanaswamy was appointed as Managing Director on May 15, 2002 for a period of 5 years upto May 14, 2007. He was re-appointed as Managing Director w.e.f 15.5.2007 for a period of three years till May 14, 2010. He is responsible for the finance and corporate services functions of the Company. He has over twenty three years of experience in the areas of finance, corporate laws, and business and heads the overall operations in India. He is specifically responsible for all the accounts, finance, corporate governance and statutory compliances related aspects. His strategy-planning along with knowledge of the core businesses of Dhanus has contributed to the Company's continued growth and expansion. He is a member of the Shareholder's Grievance committee and IPO committee of the Board.

Capt. D. S. Srinivasan, *Joint Managing Director*

Captain D.S. Srinivasan, aged 44 years, is the Joint Managing Director of the Company. He is a graduate of T.S. Rajendra, and a Master Mariner FG. He is also a qualified Quality Management Systems Auditor. He started his career as Ship's Master with Great Eastern Shipping Company Ltd., where he commanded various tankers including the company's flagship VLCC and then moved as Marine Co-ordinator with Dynacom Tankers Ltd., Athens, Greece where he was involved with strategic planning and fleet expansion program. He was later the Director of Sirius Shipping Co. Ltd., Chennai where his forte was project planning, sale and purchase of vessels and execution of Charter party and agreements. He has extensive experience in general and corporate management, strategic planning etc. He was appointed as Director of the Company w.e.f 15.5.2002 and was appointed as an Executive Director of the Company for a period of five years w.e.f 1.10.2005. Capt D.S. Srinivasan was re-designated as Joint Managing Director of the Company w.e.f 1.3.2006. He is responsible for the Company's product delivery and operations. He is also responsible for delivering business value solutions that is built around the core technology of the Company. He is also responsible for planning, organizing and controlling the business

products from conceptual stages through optimizing profits and meeting development marketing, financial and corporate growth initiatives. He is a member of the IPO committee of the Board.

Name of the Promoter	Mr. A.D. Sudhindra	Mr. V. Narayanaswamy	Capt. D. S. Srinivasan
Photo of the promoters			
Driving Licence No.	D/TN/007/012384/2004	R/TN/48/001641/2000	2172/96
Passport Details	E 3900216	A 2904055	Z 885504
Permanent Account Number	AASPS4960R	AADPNO687R	AAFPD4958B
Voter ID No.	N.A	N.A.	N.A.
Name of Bank and Branch	Punjab National Bank T. Nagar, Chennai	Punjab National Bank T. Nagar, Chennai	Punjab National Bank T. Nagar, Chennai
Bank Account No.	439700 0400000627	439700 0400000609	439700 0400000593

The Company confirms that the Permanent Account Number, Bank Account number, and Passport number, of the above Promoters, as applicable, will be submitted to the BSE and NSE at the time of filing of the Red Herring Prospectus with them.

Common Pursuits

As on date, there are no common pursuits which may lead to conflict of interest in the business of the Company and other Companies promoted by the Promoters, if any.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property, if acquired by Dhanus Technologies Limited within two years from the date of the Red Herring Prospectus. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Payment or benefit to Promoters of the Company

Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan, being Executive Directors of the company, draw managerial remuneration as mentioned earlier at page no. 152 in this Red Herring Prospectus.

Except as stated hereinabove and otherwise stated in this Red Herring Prospectus, the Company has not paid any amount to the Promoters of the Company.

Related Party Transactions

For details of related party transactions please refer to page no. 190-191 of the Red Herring Prospectus.

Relationship between the Promoters, Directors and Key Managerial Personnel

There exists no relationship between the Promoters, Directors and Key Managerial Personnel.

Currency of Presentation

In this Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

All references to “USD”, “US\$” or “US Dollars” are to United States Dollars, the official currency of the United States of America.

Dividend Policy

Dividends, other than interim dividends, will be declared at the Annual General Meetings of the shareholders of the Company based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, but not limited to, the future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

The details of the dividend paid by the Company during the last five financial years are presented below:

Particulars	Financial Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Equity Share Capital	22.56	259.85	272.85	904.16	1374.26
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00
No. of Shares	2,25,600	25,98,500	27,28,500	84,41,597	1,37,42,597
Rate of Dividend (%)	-	-	10%	10%	15%
Amount of Dividend	-	-	27.28	90.42	206.14

The Board of Directors may also from time to time pay interim dividends to the shareholders. However, the dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, in the future.

SECTION V

FINANCIAL INFORMATION

AUDITORS' REPORT

To

The Board of Directors
Dhanus Technologies Limited
6-B Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T.Nagar, Chennai - 600 017

Dear Sirs,

We have examined the financial information of Dhanus Technologies Limited (hereinafter referred to as "Dhanus" or "the Company") (formally known as "Dhanus E-Com Limited") contained in the statements annexed to this report for the five financial years ended on 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007, which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of: -

- (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary statement of Assets & Liabilities of the Company as at 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007 (**Annexure-I**) and the attached restated summary statement of Profit and Losses for the years ended on those dates (**Annexure-II**) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure-III-B** to this report. Based on our examination of these summary statements, we state that:
 - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the year/period to which they are related;
 - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at June 30, 2007 as stated vide **Annexure – III-A** to this report. The summary statements have to be read in conjunction with the notes given in **Annexure – III-B** to this report.
 - iii. There are no qualifications in the auditors' report that require any adjustment to the summary statements.
 - iv. The extra-ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in Annexure - **III-B**.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at June 30, 2007 are enclosed as **Annexure – III-A** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended on 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007, proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:

1.	Summary of Reserves & Surplus	Annexure - I.a
2.	Secured Loans	Annexure - I.b
3.	Unsecured Loans	Annexure - I.c
4.	Statement of Investments	Annexure - I.d
5.	Sundry Debtors	Annexure - I.e
6.	Loans and Advances	Annexure - I.f
7.	Current Liabilities & Provisions	Annexure - I.g
8.	Statement of Inventory & W-I-P	Annexure - I.h
9.	Statement of Geographical Break-up of sale of Products/Services	Annexure - II.a
10.	Statement of Auditors' Remuneration	Annexure - II.b
11.	Expenditure in Foreign Currency	Annexure - II.c
12.	Earning in Foreign Currency	Annexure - II.d
13.	Directors' Remuneration	Annexure - II.e
14.	Cash Flow Statements	Annexure - IV
15.	Related Party Disclosure	Annexure - V
16.	Contingent Liabilities	Annexure - VI
17.	Summary of Accounting Ratios	Annexure - VII
18.	Capitalisation Statement	Annexure - VIII
19.	Statement of Tax Shelter	Annexure - IX
20.	Statement of Dividend paid	Annexure - X

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For P C Acharya & Co.
Chartered Accountants**

**P C Acharya
Proprietor**

Date: 20th July 2007
Place: Chennai

ANNEXURE – I
STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial years ended on 30th June 2003, 2004, 2005, 2006 and 2007 are set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Fixed Assets					
Gross Block	9.68	224.53	491.54	1,279.59	3,704.69
Less : Accumulated Depreciation	7.35	16.47	132.22	328.36	772.86
Net Block	2.33	208.06	359.32	951.23	2,931.83
Less : Revaluation Reserve	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	2.33	208.06	359.32	951.23	2,931.83
Total Fixed Assets (A)	2.33	208.06	359.32	951.23	2,931.83
Investments (B)	-	-	-	281.35	593.76
Current Assets, Loans & advances					
Inventories (including WIP)	-	36.03	326.43	1,327.96	2,759.25
Sundry Debtors	6.36	31.70	237.01	621.47	1,784.36
Cash and Bank Balances	2.94	5.37	5.93	22.27	1,638.89
Loans and Advances	8.36	20.72	58.73	490.56	916.26
Total of Current Assets, Loans & advances (C)	17.66	93.82	628.10	2,462.26	7,098.76
Total Assets (A+B+C) = D	19.99	301.88	987.42	3,694.84	10,624.35
Less : Liabilities & Provisions :					
Secured Loans	-	13.45	15.38	164.12	591.83
Unsecured Loans	-	-	31.45	5.15	-
Current Liabilities & Provisions	0.50	9.79	220.80	482.70	1,397.35
Deferred Tax Liability	-	4.11	6.97	14.73	33.35
Total Liabilities (E)	0.50	27.35	274.60	666.70	2,022.53
Net Worth (D-E)	19.49	274.53	712.82	3,028.14	8,601.82
Represented By					
Equity Share Capital (I)	22.56	259.85	272.85	904.16	1,374.26
Reserve & Surplus	20.87	31.24	467.54	2,247.65	7,707.69
Less : Revaluation Reserve	-	-	-	-	-
Net Reserve & Surplus (II)	20.87	31.24	467.54	2,247.65	7,707.69
Misc. Expenditure (III)	23.94	16.56	27.57	123.67	480.13
Net Worth (I+II-III)	19.49	274.53	712.82	3,028.14	8,601.82

ANNEXURE – II
SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

We report that profit of the company for each of the five financial years ended on 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and 30th June 2007 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustment and re-grouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	For the Year Ended				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Income					
Income from Sales of Products/ Services					
- Software Products & Services	-	-	477.14	854.41	3,152.63
- Telecard Service	31.73	142.42	1,415.97	2,313.86	5,031.62
- BPO Services	-	-	-	425.29	841.63
- FleeTrac Sales	-	-	-	-	11.84
Other Income (Interest)	-	-	-	-	8.85
TOTAL INCOME (A)	31.73	142.42	1,893.11	3,593.56	9,046.57
Expenditure					
Software Development & Maintenance	-	26.75	93.81	141.54	928.57
Expenses for Telecard Service	15.56	26.62	884.88	1319.54	3001.86
Internet Charges	0.34	15.78	22.36	30.95	64.05
Research & Development Expenses	-	-	65.30	87.49	563.42
Staff Cost	3.86	18.05	90.40	164.52	446.31
Outsourcing Cost	-	-	23.03	65.43	183.42
Administrative & Other Expenses	6.47	30.47	110.23	146.46	444.10
Interest and Financial Charges	-	1.14	2.33	14.95	20.66
Depreciation	0.96	9.12	115.75	196.13	444.50
Miscellaneous Expenses Written off	0.01	0.01	0.01	0.01	-
TOTAL EXPENDITURE (B)	27.20	127.94	1,408.10	2,167.02	6,096.89
Net Profit Before Tax & Extra Ordinary Items (A-B)	4.53	14.48	485.01	1,426.54	2,949.68
Provision for Income Tax	-	-	15.00	109.00	470.00
Deferred Tax (Asset)/Liability	-	3.27	2.86	7.75	18.63
Fringe Benefit Tax paid	-	-	-	0.48	1.83
Net Profit Before Extra Ordinary Items	4.53	11.21	467.15	1,309.31	2,459.22
Deferred Tax (Asset)/Liability	-	0.84	-	-	-
Net profit After Tax and Extra Ordinary Items	4.53	10.37	467.15	1,309.31	2,459.22
Balance of Profit Brought Forward	16.34	20.87	31.24	437.54	1,624.90
Dividend	-	-	27.28	90.42	206.14
Corporate Dividend Tax	-	-	3.57	11.53	35.03
Transfer to General Reserve	-	-	30.00	20.00	100.00
Balance Carried to Balance Sheet	20.87	31.24	437.54	1,624.90	3742.95

Annexure – I.a
SUMMARY OF RESERVES & SURPLUS
(Rs. in lakhs)

PARTICULARS	As On				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
General Reserve					
As per last account	-	-	-	30.00	50.00
Add transfer from P/L	-	-	30.00	20.00	100.00
General Reserve (a)	-	-	30.00	50.00	150.00
Profit & Loss Account (b)	20.87	31.24	437.54	1,624.90	3,742.95
Securities Premium (c)	-	-	-	572.75	3,814.74
Total (a + b + c)	20.87	31.24	467.54	2247.65	7,707.69

Annexure – I.b
SECURED LOANS
(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
TERM LOAN:					
From Banks	-	13.45	10.36	95.25	47.51
Sub-Total (a)	-	13.45	10.36	95.25	47.51
CASH CREDIT:					
From Banks	-	-	5.02	68.87	539.73
Sub-Total (b)	-	-	5.02	68.87	539.73
OTHERS:					
Car Loan-Kotak Mahindra Prime Ltd.	-	-	-	-	4.59
Sub-Total (c)	-	-	-	-	4.59
TOTAL	-	13.45	15.38	164.12	591.83

Details of Secured Loans outstanding as on 30th June, 2007
(Rs. in lakhs)

Particulars of Loan	Institution / Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Term Loans from Scheduled Banks	UCO Bank	110.00	47.51	BPLR + 2% i.e. 13%	28 instalments of Rs. 3.95 lacs per month from Jan, 2006	Secured against Hypothecation of Computers, Telephone Softwares, Furnitures & Fixtures, Office Equipments, etc arising out of such loan proceeds on a first and exclusive charge basis
Sub-Total (a)		110.00	47.51			
(i) Fund based - Cash Credit I	UCO Bank	80.00	75.02	BPLR + 2% i.e. 13%	-	Secured against Hypothecation of Stocks and Book Debts
(ii) Fund based - Cash Credit II	UCO Bank	700.00	464.71	BPLR+0.5% i.e., 14%	-	
(ii) Non-Fund Based		-	-	-	-	
Sub-Total (b)		780.00	539.73			
Car Loan-Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	8.43	4.59	4.03	35 instalments of Rs. 0.27 lacs per month	Secured against Hypothecation of Motor Car
Sub-Total (c)		8.43	4.59			
Total (a+b+c)		898.43	591.83			

Annexure – I.c
UNSECURED LOANS

The Details of Unsecured Loans are as below: -

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Loans from Directors	-	-	31.45	5.15	-
TOTAL	-	-	31.45	5.15	-
Rate of Interest	Bearing no Interest	Bearing no Interest	Bearing no Interest	Bearing no Interest	Bearing no Interest
Repayment Term	Repayable on Demand				

Annexure – I.d
STATEMENT OF INVESTMENTS

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Investment in Wholly Owned Subsidiaries:					
28,13,450 Equity Shares of Rs.10/- each in Dhanus Global Medicare Ltd.	-	-	-	281.35	281.35
590,90,000 Shares of US\$ 0.01 each in Dhanus Technologies Inc., USA	-	-	-	-	312.41
Total	-	-	-	281.35	593.76

Annexure – I.e
SUNDRY DEBTORS

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	-	-	12.65	2.12	3.02
Debts outstanding for a period not exceeding six months	6.36	31.70	224.36	619.35	1,781.34
Total	6.36	31.70	237.01	621.47	1,784.36

SUNDRY DEBTORS (RECEIVABLES FROM RELATED PARTIES)
(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	-	-	-	-	-
Debts outstanding for a period not exceeding six months	-	-	-	-	169.42
Total	-	-	-	-	169.42

Note: The receivables are due from the subsidiaries viz., Dhanus Technologies, Inc., USA and Mpingi Inc., USA.

Annexure – I.f
LOANS AND ADVANCES

The details of Loans and Advances are as below:

(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Deposits	8.36	20.72	21.88	52.85	552.91
Advances	-	-	36.85	432.71	313.29
Income Tax Deducted at Source	-	-	-	-	0.06
Advances Tax (Net of Provisions)	-	-	-	5.00	50.00
Total	8.36	20.72	58.73	490.56	916.26

DETAILS OF LOANS AND ADVANCES WITH RELATED PARTIES
(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Deposits	-	-	-	-	-
Advances	-	-	-	-	42.61
Advances Tax (Net of Provisions)	-	-	-	-	-
Total	-	-	-	-	42.61

Note: The advances are due from a wholly owned subsidiary viz., Dhanus Technologies, Inc., USA.

Annexure – I.g
CURRENT LIABILITIES & PROVISIONS
(Rs. in lakhs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
CURRENT LIABILITIES:					
Sundry Creditors:					
Due to Small Scale Industrial Undertakings	-	-	-	-	-
Due to Others	0.50	9.79	174.95	271.28	684.34
Sub-Total (a)	0.50	9.79	174.95	271.28	684.34
PROVISIONS:					
For Income Tax	-	-	15.00	109.00	470.00
For Fringe Benefit Tax			-	0.48	1.84
For Dividend (including CDT)			30.85	101.94	241.17
Sub-Total (b)	-	-	45.85	211.42	713.01
TOTAL	0.50	9.79	220.80	482.70	1397.35

Annexure – I.h
STATEMENT OF INVENTORY AND WORK-IN-PROGRESS
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Stock of V-Tel Cards	-	36.03	213.57	575.33	712.84
Work-in-Progress	-	-	112.86	752.63	2046.41
Total	-	36.03	326.43	1327.96	2759.25

ANNEXURE - II.a
GEOGRAPHICAL BREAK-UP OF SALE OF PRODUCTS/SERVICES
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Sales – Export	-	18.23	477.14	1,279.70	3,994.26
Sales – Domestic	31.73	124.19	1,415.97	2,313.86	5,043.46
Total	31.73	142.42	1,893.11	3,593.56	9,037.72

STATEMENT OF OTHER INCOME
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Interest Income	-	-	-	-	8.85
Total	-	-	-	-	8.85

Annexure – II.b
STATEMENT OF AUDITORS' REMUNERATION
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Statutory Audit Fee (incl. Service Tax)	0.20	0.15	1.35	3.50	16.85
Tax Audit Fee (incl. Service Tax)	-	0.05	0.50	0.75	1.12
Fee for Other Services	-	0.05	0.15	0.75	1.12
Total	0.20	0.25	2.00	5.00	19.09

Annexure – II.c
EXPENDITURE/REMITTANCES IN FOREIGN CURRENCY
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Expenditure/ Remittances in Foreign Currency	Nil	2.63	478.00	804.13	1314.21
Total	Nil	2.63	478.00	804.13	1314.21

Annexure – II.d
EARNINGS IN FOREIGN CURRENCY
(Rs. in lakhs)

PARTICULARS	Financial Year Ended on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Earnings in Foreign Currency	Nil	17.92	468.88	658.35	1637.81
Total	Nil	17.92	468.88	658.35	1637.81

Annexure – II.e
DIRECTORS REMUNERATION
Financial Year 2006-07
(Rs. In Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	20.10	10.05	30.15
Mr V Narayanaswamy	Managing Director	20.10	10.05	30.15
Capt D S Srinivasan	Jt Managing Director	20.10	10.05	30.15
Mr S Muthukrishnan	Director (Marketing)	8.40	4.20	12.60
Total		68.70	34.35	103.05

Financial Year 2005-06
(Rs.in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	7.40	2.45	9.85
Mr V Narayanaswamy	Managing Director	7.40	2.45	9.85
Capt D S Srinivasan	Jt Managing Director	7.40	2.45	9.85
Mr S Muthukrishnan	Director (Marketing)	0.40	0.10	0.50
Mr A V Srinivasan	Executive Director	4.80	1.20	6.00
Total		27.40	8.65	36.05

Financial Year 2004-05
(Rs.in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	2.40	0.60	3.00
Mr V Narayanaswamy	Managing Director	2.40	0.60	3.00
Capt D S Srinivasan	Director	2.40	0.60	3.00
Total		7.20	1.80	9.00

Financial Year 2003-04
(Rs.in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	1.00	0.50	1.50
Mr V Narayanaswamy	Managing Director	1.00	0.40	1.40
Capt D S Srinivasan	Director	1.00	0.35	1.35
Total		3.00	1.25	4.25

ANNEXURE - III
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2007
III-A
1. Significant Accounting Policies.
1.1. Basis of preparation of financial statements.

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles ("GAAP"), the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis.

The preparation of the financial statements in conformity with Indian GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

1.2. Fixed Assets.

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing (s) attributable to fixed assets as per AS-16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India.

Fixed Assets, are depreciated pro rata to the period of use on the basis of written down value method based on the estimated useful lives as per the following rates prescribed in the Schedule XIV to the Companies Act, 1956, as amended and rules there under:

Descriptions	Rate
Air Conditioner	13.91%
Plant & Machinery- Computers & Accessories	40.00%
Flee track Devices & Software	40.00%
Electrical Fittings	13.91%
Office Equipment	13.91%
Furniture & Fixtures	18.10%
Vehicles	25.89%
Software	40.00%

1.3 Investments.

Long-term investments are carried at cost. No provision is being made for Diminution in the value of investments, as they are long-term investments. Investments are accounted as per Accounting Standard 13 "Accounting for Investment ", issued by the Institute of Chartered Accountants of India.

1.4 Foreign Currency Translations.

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

1.5 Revenue recognition.

Revenue is recognized based on the terms of contracts and passing of title wherever necessary. With respect to Calling Cards, Sales are recognized on despatch of goods to customers. BPO revenues are recognized on completion of services and billed.

1.6 Retirement Benefits.

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The Company's contributions to provident fund and employees' state insurance are charged to the Profit and Loss Account.

1.7 Expenditure.

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price. Software development and services are charged to revenue in the same year.

1.8 Depreciation.

Depreciation on fixed assets is provided using the written down value method at the rates specified in schedule XIV to the Companies Act, 1956, as amended. Depreciation is charged on a Pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year of purchase.

1.9 Research and Development.

Research and Development expenditure on the proposed communications & telematic projects is accumulated for writing off in future years. Research and Development expenditure incurred during the year on software development, product development, product testing etc., is charged to revenue.

1.10 Stocks and Work in Progress.

Stocks of Cards are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition. Work in progress in respect of GIS Development, Development of In-Vehicle navigation system, Flee Trac v2-0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held , etc is valued at Cost.

1.11 Segment Accounting.

The accounting policies adopted for Segment reporting are in line with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

- a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.
- b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and such transfers are eliminated in the consolidation of the segments.
- c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the Company as a whole and are not allocable to segments, are included under unallocated corporate expenses.
- d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

1.12 Miscellaneous Expenditure.

Preliminary expenses are amortised over a period of 10 years. Public issue expenses on the proposed public issue are accumulated for writing off in future years. Research and Development expenditure on the proposed communications & telematic projects is accumulated for writing off in future years.

1.13 Taxes on Income.

Provision for income tax is made based on the rates and methods provided under the Income Tax Act 1961, based on the tax liability as computed after taking credit for allowances and exemptions.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India.

1.14 Earning Per Share.

Profit after Tax of a particular reporting period is used as the earnings figure for the purpose of calculating Earning per Share. Basic Earning per Share has been computed by dividing Profit after Tax by the weighted average number of Shares outstanding for the year. Using the weighted average number of Shares and dilutive potential equity shares outstanding the year the diluted earning per share is arrived at as per AS-20 "Earning per Share" issued by the Institute of Chartered Accountants of India.

2. Notes on Accounts.

2.1. Share Capital.

Particulars	30 th June, 2007		30 th June, 2006	
	Number	Value Rs.	Number	Value Rs.
Closing Balance as of	137,42,597	13,74,25,970	94,41,597	9,04,15,970

2.2. Secured loans.

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Softwares, Furnitures and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis and the Cash Credit is secured against hypothecation of Stocks and Receivables.

2.3. Retirement Benefits.

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company's contributions to provident fund and employees' state insurance are charged to the Profit and Loss Account. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The company had no voluntary retirement scheme during the period under report.

2.4. Managerial remuneration paid to the Directors.

(Rs.in Lacs)

Particulars	2006-07	2005-06
Total remuneration paid to the Directors.	103.05	36.05

2.5. Auditors' remuneration.

(Rs.in Lacs)

Particulars.	2006-07	2005-06
a) Audit Fees	16.84	3.50
b) Tax Audit & Tax Representation	1.12	0.75
c) Certification Fees	0.83	0.50
d) Out of Pocket Expenses	0.30	0.25
Total	19.09	5.00

2.6. Quantitative details.

The company is engaged in the provision and sales of Global calling Cards and development and maintenance of software, FleeTrac and BPO services, the production and sales of such calling cards, software and BPO activities can not be expressed in any generic unit. It is not possible to give the quantity details of production and other information as required under the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The sales of calling cards are Rs. 50,31,62,148/- (Rs. 23,13,85,509/-), for software services Rs. 31,52,62,973/- (Rs 8,54,41,417/-), for FleeTrac Sales Rs. 11,84,366/- (Rs. Nil), for BPO services Rs. 8,41,63,081/- (Rs. 4,25,29,224/-) and for other income Rs. 8,84,618/- (Rs. Nil).

2.7. Deferred Tax Movement.

The net deferred tax liability of Rs. 33,35,361/- as at 30th June 2007 (Previous Year- Rs.14,72,684/-) has arisen on account of the following:

(Rs.in Lacs)

Nature- (Asset)/ Liability)	As at 30.06.2006	Charged/ (Credited) to P& L	As at 30.06.2007
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	14.73	18.62	33.35
Total (A)	14.73	18.62	33.35
Deferred Tax Assets:	--	--	--
Total (B)	--	--	--
Net Deferred Tax Liability (A-B)	14.73	18.62	33.35

2.8 Segment Information.

The Company's operations are organized into four major divisions – Telecom, Software, FleeTrac and BPO services. Accordingly, these divisions comprise the primary basis of segmental information. The segment information for the year ended 30th June 2007 is as follows:

SEGMENT REPORTING		(Rs.in Lacs)	
		Year Ended	Year Ended
		30.06.07	30.06.06
1	Segment Revenue:		
	Telecom	5031.62	2313.86
	Software	3152.63	854.41
	Fleetrac Sales	11.84	-
	BPO	841.63	425.29
		9037.72	3593.56
	Other Income	8.85	-
	Total	9046.57	3593.56
	Less: Inter/Intra Segment Sales	-	-
	Net Sales	9046.57	3593.56
2	Segment Results:		
	(Profit before Tax and Interest)		
	Telecom	953.96	574.66
	Software	1493.84	564.54
	Fleetrac Sales	2.33	-
	BPO	520.21	302.29
	Total	2970.34	1441.49
Less	i) Interest & Finance Charges	20.66	14.95
	ii) Other un-allocable expenditure	-	-
	Profit before Tax	2949.68	1426.54
3	Capital Employed:		
	(Segment Assets-Segment Liabilities)		
	Telecom	4400.27	1697.13
	Software	3028.82	727.94
	Fleetrac	187.26	-
	BPO	391.71	321.72
	Un-allocated	593.77	281.35
	Total	8601.83	3028.14

2.9 Disclosure in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
1.	Dhanus Global Medicare Ltd.	Wholly-Owned Subsidiary Company
2.	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
3.	MPINGI, Inc., USA	Wholly-Owned Subsidiary Company
II	Key Management Personnel	
1.	Mr A D Sudhindra	Executive Chairman
2.	Mr V Narayanaswamy	Managing Director
3.	Capt D S Srinivasan	Jt Managing Director
4.	Mr S Muthukrishnan	Director – Marketing
5.	Mr V. Baskaran	CFO & Company Secretary

Disclosure of transaction between the company and related parties for the Year ended 30.06.2007

(Rs. in Lacs)

Sl. No.	Name of related Party	Nature of transaction	Amount
1.	Dhanus Global Medicare Ltd.	Investment	281.35
2.	Dhanus Technologies Inc., USA	Investment	312.42
3.	Dhanus Technologies Inc., USA	Current Receivables	25.08
4.	Dhanus Technologies Inc., USA	Advances	42.61
5.	MPINGI, Inc., USA	Sales & Receivables	144.35
6.	Mr A D Sudhindra	Remuneration Allowances	20.10 10.05
7.	Mr V Narayanaswamy	Remuneration Allowances	20.10 10.05
8.	Capt D S Srinivasan	Remuneration Allowances	20.10 10.05
9.	Mr S Muthukrishnan	Remuneration Allowances	8.40 4.20
10.	Mr V. Baskaran	Remuneration & Allowances	12.45

2.10 Dues to Small –Scale Industrial undertakings.

As of June 30, 2007 there are no dues to SSI units which are outstanding for more than 30 days and more than Rupees one lakh .

2.11 Sundry Debtors and Creditors balances of parties are subject to confirmation by the parties.

2.12 The inventories and work in progress are shown at the value as certified by the management.

2.13 Loans, Advances and Sundry Debtors stated in the balance sheet are in the opinion of the management are realizable in the ordinary course of business.

2.14 As of June 30, 2007 there are no Contingent Liabilities.

2.15 Foreign Exchange earnings and outgo:

Earnings in Foreign Currency	Rs. 16,37,81,467	(Rs. 6,58,35,274)
Foreign Currency outflow	Rs. 13,14,20,861	(Rs. 8,04,12,617)

2.16 Amount remitted during the year in foreign currency on account of dividends- Nil (Nil)

2.17 Balance sheet abstract and general business profile as per part IV of schedule VI to the Companies Act, 1956 is annexed here to and form an integral part of the annual accounts.

2.18 Previous years/periods figures have been regrouped / recast wherever necessary to conform to the classification of the current year/period.

ANNEXURE – IV
SUMMARY OF CASH FLOW, AS RESTATED
(Rs. in lakhs)

Particulars	For the Year Ended 30 th June				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
(A) CASH FLOW FROM OPERATING ACTIVITIES					
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS (I)	4.53	14.48	485.01	1,426.54	2,949.68
(II) Adjustment for:					
Depreciation	0.96	9.12	115.75	196.13	444.50
Interest Expense	-	1.14	2.33	14.95	20.66
Miscellaneous Expenses written off	0.02	0.02	0.02	0.02	-
Operating Profit before working capital Changes (I) + (II)	5.51	24.76	603.11	1,637.64	3,414.84
(III) Adjustment for					
Trade and other receivables	(1.95)	(37.70)	(243.32)	(816.29)	(1,588.59)
Inventories (incl. WIP)	-	(36.04)	(290.39)	(1,001.53)	(1,431.29)
Trade Payable	(0.75)	9.28	165.16	96.34	413.05
Sub Total (III)	(2.70)	(64.46)	(368.55)	(1721.48)	(2606.83)
Cash Generated from Operations (I)+(II)+(III)	2.81	(39.70)	234.56	(83.84)	808.01
Direct Tax Paid	-	-	-	(15.00)	(109.48)
Net Cash from Operating Activities (A)	2.81	(39.70)	234.56	(98.84)	698.53
(B) CASH FLOW FROM INVESTING ACTIVITIES					
Purchases of Fixed Assets (incl. CWIP)	-	(214.85)	(267.01)	(788.05)	(2425.09)
Investment in Body Corporate	-	-	-	(281.34)	(312.42)
Net Cash from Investing Activities (B)	-	(214.85)	(267.01)	(1,069.39)	(2737.51)
(C) CASH FLOW FROM FINANCING ACTIVITIES					
Interest Paid	-	(1.14)	(2.33)	(14.95)	(20.66)
Proceeds from issue of Equity Shares (incl. Share Premium)	-	237.29	13.00	1,204.05	3,712.10
Proceeds from Borrowings	-	13.45	33.38	122.44	422.55
Misc. Expenditure	(2.00)	7.37	(11.03)	(96.12)	(356.45)
Dividend Paid	-	-	-	(27.28)	(90.42)
Tax on Dividend	-	-	-	(3.57)	(11.52)
Net Cash from Financing Activities (C)	(2.00)	256.97	33.02	1,184.57	3,655.60
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	0.81	2.42	0.57	16.34	1616.62
Cash and Cash Equivalents (Opening balance)	2.13	2.94	5.36	5.93	22.27
Cash and Cash Equivalents (Closing Balance)	2.94	5.36	5.93	22.27	1638.89

ANNEXURE – V
RELATED PARTY DISCLOSURE
Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
1	Dhanus Global Medicare Pvt. Ltd.	Wholly-Owned Subsidiary Company
2	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
3	MPINGI, Inc., USA	Wholly-Owned Subsidiary Company of Dhanus Technologies Inc., USA
II	Key Management Personnel	
1	Mr A D Sudhindra	Executive Chairman
2	Mr V Narayanaswamy	Managing Director
3	Capt D S Srinivasan	Jt Managing Director
4	Mr S Muthukrishnan	Director – Marketing
5	Mr A V Srinivasan	Executive Director (Resigned on 26/06/2006)

Disclosure of transaction between the company and related parties for the Year ended on 30.06.2007
(Rs. in Lacs)

Sl. No.	Name of related Party	Nature of transaction	Amount
1	Dhanus Global Medicare Pvt. Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	312.42
3	Dhanus Technologies Inc., USA	Current Receivables	25.07
4	Dhanus Technologies Inc., USA	Advances	42.61
5	MPINGI, Inc., USA	Sales and Receivables	144.35
6	Mr A D Sudhindra	Remuneration Allowances	20.10 10.05
7	Mr V Narayanaswamy	Remuneration Allowances	20.10 10.05
8	Capt D S Srinivasan	Remuneration Allowances	20.10 10.05
9	Mr S Muthukrishnan	Remuneration Allowances	8.40 4.20

Disclosure of transaction between the company and related parties for the year ended on 30.06.2006

SI. No.	Name of related Party	Nature of transaction	Amount (Lacs)
1	Dhanus Global Medicare Pvt. Ltd.	Investment	281.35
2	Mr A D Sudhindra	Remuneration	7.40
		Allowances	2.45
3	Mr V Narayanaswamy	Remuneration	7.40
		Allowances	2.45
4	Capt D S Srinivasan	Remuneration	7.40
		Allowances	2.45
5	Mr S Muthukrishnan	Remuneration	0.40
		Allowances	0.10
6	Mr A V Srinivasan	Remuneration	4.80
		Allowances	1.20

Disclosure of transaction between the company and related parties for the year ended on 30.06.2005

SI. No.	Name of related Party	Nature of transaction	Amount (Lacs)
1	Mr A D Sudhindra	Remuneration	2.40
		Allowances	0.60
2	Mr V Narayanaswamy	Remuneration	2.40
		Allowances	0.60
3	Capt D S Srinivasan	Remuneration	2.40
		Allowances	0.60

Disclosure of transaction between the company and related parties for the year ended on 30.06.2004

SI. No.	Name of related Party	Nature of transaction	Amount (Lacs)
1	Mr A D Sudhindra	Remuneration	1.00
		Allowances	0.50
2	Mr V Narayanaswamy	Remuneration	1.00
		Allowances	0.40
3	Capt D S Srinivasan	Remuneration	1.00
		Allowances	0.35

ANNEXURE – VI
CONTINGENT LIABILITIES
(Rs. in lacs)

PARTICULARS	As on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Counter Guarantees given for obtaining Bank Guarantees from various Banks	Nil	Nil	Nil	Nil	Nil
Income Tax demands raised by the authorities and disputed by the Company	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

ANNEXURE – VII
SUMMARY OF ACCOUNTING RATIOS

PARTICULARS	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Profit After Taxation (Rs in lacs)	4.53	10.37	467.15	1,309.30	2,459.22
Earning Per Share - Basic and Diluted (Rs)	2.01	1.42	17.91	18.84	21.07
Net Worth (Rs in lacs)	19.49	274.53	712.82	3,028.14	8,601.82
Return on Net Worth (%)	23.24	3.78	65.54	43.24	28.59
Net Asset Value per Share (Rs.)	8.64	10.56	26.12	32.07	62.59
Price Per Equity Share (Rs)	10.00	10.00	10.00	10.00	10.00
Actual No. of Shares outstanding at the end of the year/ period	2,25,600	25,98,500	27,28,500	94,41,597	13,742,597
Weighted Average No. of Shares at the end of the year/ period	2,25,600	7,31,238	26,09,267	69,49,882	116,70,463

Notes:

(1) The Ratios have been computed as below:

Earning Per Share (Rs) = $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted average no. of Equity Share outstanding at the end of the year/ period}}$

Net Asset Value per Share (Rs) = $\frac{\text{Net Worth at the end of the year/period}}{\text{Equity Share outstanding at the end of the year/period}}$

Return on Net Worth (%) = $\frac{\text{Net profit After Tax}}{\text{Net Worth for the year at the end of the year/period}}$

(2) Profit & Loss, as restated, has been considered for the purpose of computing the above ratios.

ANNEXURE – VIII
CAPITALISATION STATEMENT
(Rs. in lakhs)

Particulars	Pre Issue (as on 30.06.2007)	Post Issue *
Loans - Secured and Unsecured		
Short Term Debt	583.92	
Long Term Debt	7.91#	
Total Debt	591.83	
Shareholder's Fund		
Share Capital	1,374.26	
Reserves & Surplus (Excl. Revaluation Reserve)	7,707.69	
Sub- Total	9,081.95	
Less: Preliminary Expenses not written off	480.13	
Total Shareholder Fund (Equity)	8,601.82	
Long Term Debt / Equity	0.00	

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

Out of Long Term Debt of Rs.47.51 Lakhs, Rs.39.60 Lakhs repayment within one year is transferred to Short Term Debts.

ANNEXURE – IX
STATEMENT OF TAX SHELTER
(Rs. in lakhs)

PARTICULARS	Financial Year ended on			
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06
Profit/(Loss) Before Tax But After Extraordinary Items (A)	-	0.31	51.84	1,316.88
Tax Rate (B)	36.75%	35.88%	36.59%	33.66%
Tax thereon C = (A X B)	-	0.11	18.97	443.26
Adjustments:				
Permanent Difference				
Deduction u/s 10A	-	-	-	(778.82)
Total Permanent Difference (D)	-	-	-	(778.82)
Timing Difference				
Depreciation	0.04	(0.32)	(7.98)	(82.26)
Other Adjustments	-	-	(7.47)	(116.42)
Total Timing Difference (E)	0.04	(0.32)	(15.45)	(198.68)
Net Adjustments F = (D+E)	0.04	(0.32)	(15.45)	(977.50)
Tax Expenses/(Saving) thereon G = (F X B)	0.00	(0.11)	(5.65)	(329.03)
Total Tax (Current Tax) H = (C + G)	0.00	(0.00)	13.32	114.24
Book Profit (Taxable income as per MAT) (I)	-	-	51.36	1,200.46
Tax as per MAT (J)	-	-	4.03	101.02
Tax (K) = Higher of (H) or (J)	-	-	13.32	114.24
Exceptional Items (L)	-	-	-	-
Tax on Exceptional Items (M)	-	-	-	-
Tax on Profit after Exceptional Items (N) = (K+M)	-	-	13.32	114.24

Note (*):

- 1) For the year ended 2006, the actual tax liability of Rs.114.24 lacs is arrived. Interest u/s 234B and 234C amounting to Rs. 14.40 Lakhs is charged and after deducting the advance tax of Rs. 5.00 Lakhs, the assessee paid Rs. 123.63 lakhs as self assessment tax u/s 140A. Similarly, for the year ended 31st March, 2005, the assessee paid the tax liability of Rs.13.32 Lakhs excluding Rs. 1.61 Lakhs as Interest U/s.234B and 234C.
- 2) Other adjustments relate to set off of brought forward losses of the earlier years and written off of the miscellaneous expenses.
- 3) The tax liability computed above is as per the income tax returns submitted by the assessee.

ANNEXURE – X
STATEMENT OF DIVIDEND PAID
(Rs. in lakhs)

PARTICULARS	Financial Year ended as on				
	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07
Equity Dividends					
Number of Equity Shares of Rs. 10.00 each paid-up	2,25,600	25,98,500	27,28,500	84,41,597	13,742,597
Number of Equity Shares of Rs.6.00 each paid-up(partly)	-	-	-	10,00,000	-
Equity Share Capital (Rs in lakhs)	22.56	259.85	272.85	904.16	1374.26
Rate of Dividend (%)	-	-	10.00	10.00	15.00
Amount of Equity Dividend (Rs. in Lacs)	-	-	27.28	90.42	206.14
Tax on Equity Dividend (Rs. in Lacs)	-	-	3.57	11.52	35.03

AUDITORS' REPORT

To
The Board of Directors
Dhanus Technologies Limited
6-B Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T.Nagar, Chennai - 600 017

Dear Sirs,

We have examined the financial information of Dhanus Global Medicare Private Limited (hereinafter referred to as "Dhanus Global" or "the Company") contained in the statements annexed to this report for the year ended on 30th June 2006 and 30th June 2007, which is proposed to be included in the Offer Document being issued by the Dhanus Technologies Limited in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:-

- (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with the proposed Public Issue of Equity Shares of Dhanus Technologies Limited.

Financial information as per audited financial statements:

1. We have examined the attached restated summary statement of Assets & Liabilities of the Company as at 30th June 2006 and 30th June 2007 (**Annexure-I**) and the attached restated summary statement of Profit and Losses for the periods ended on that date (**Annexure-II**) referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. Based on our examination of these summary statements, we state that:
 - i. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at June 30, 2007 as stated vide **Annexure – III** to this report. The summary statements have to be read in conjunction with the notes given in **Annexure – III** to this report.
 - ii. There are no qualifications in the auditors' report that require any adjustment to the summary statements.
 - iii. The extra-ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in Annexure - **III**.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at June 30, 2007 are enclosed as **Annexure – III** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the year ended on 30th June 2006 and 30th June 2007, proposed to be included in the Offer Document of Dhanus Technologies Limited as approved by the Board of Directors and annexed to this report:

1.	Loans and Advances	Annexure - I.a
2.	Sundry Debtors	Annexure - I.b
3.	Current Liabilities and Provision	Annexure - I.c
4.	Cash Flow Statements	Annexure - IV
5.	Related Party Disclosure	Annexure - V

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For P C Acharya & Co.
Chartered Accountants**

Date: July 20, 2007
Place: Chennai

**P C Acharya
Proprietor
Membership No. 210719**

ANNEXURE – I
STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The Assets and Liabilities of the Company as at the end of financial year 30th June 2006 and 30th June 2007 are set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	Year Ended	
	30-Jun-06	30-Jun-07
Fixed Assets		
Gross Block	-	94.63
Less : Accumulated Depreciation	-	1.84
Net Block	-	92.79
Less : Revaluation Reserve	-	-
Net Block after adjustment for Revaluation Reserve	-	92.79
Capital Work in progress	146.75	139.44
Total Fixed Assets (A)	146.75	232.23
Investments (B)	-	-
Current Assets, Loans & advances		
Inventories (including WIP)	-	32.15
Sundry Debtors	-	12.35
Cash and Bank Balances	2.51	3.55
Loans and Advances	128.42	34.68
Other Current Assets	-	-
Total of Current Assets, Loans & advances (C)	130.93	82.73
Total Assets (A+B+C) = D	277.68	314.96
Less : Liabilities and Provisions :		
Secured Loans	-	-
Unsecured Loans	-	-
Current Liabilities & Provisions	-	11.91
Share Application Money	-	-
Deferred Tax Liability	-	3.07
Total Liabilities (E)	-	14.98
Net Worth (D-E)	277.68	299.98
Represented By		
Equity Share Capital (I)	281.35	281.35
Reserve & Surplus	-	23.68
Less : Revaluation Reserve	-	-
Net Reserve & Surplus (II)	-	23.68
Misc. Expenditure (III)	3.67	5.05
Net Worth (I+II-III)	277.68	299.98

ANNEXURE – II
SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

We report that profit of the company for the financial year ended on 30th June 2006 and 30th June 2007 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustment and re-grouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	Period Ended	
	30-Jun-06	30-Jun-07
Income		
Income		
- Sales and Services	-	102.75
Other Income	-	-
Increase/(Decrease) of Stock	-	32.15
TOTAL INCOME (A)	-	134.90
Expenditure		
Direct Expenses	-	94.13
Staff Cost	-	1.42
Administrative & Other Expenses	-	3.76
Interest and Financial Charges	-	-
Depreciation	-	1.84
TOTAL EXPENDITURE (B)	-	101.15
Net Profit Before Tax & Extra Ordinary Items (A-B)	-	33.75
Provision for Income Tax	-	7.00
Deferred Tax (Asset)/Liability	-	3.07
Fringe Benefit Tax paid	-	-
Net Profit Before Extra Ordinary Items	-	23.68
Extra Ordinary Items	-	-
Net profit After Tax and Extra Ordinary Items	-	23.68
Balance of Profit Brought Forward	-	-
Dividend (including Corporate Dividend Tax)	-	-
Corporate Dividend Tax	-	-
Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	-	23.68

Annexure – I.a
LOANS AND ADVANCES

The details of Loans and Advances are as below:

(Rs. in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Deposits	-	1.27
Advances	128.42	33.41
Advances Tax (Net of Provisions)	-	-
Total	128.42	34.68

DETAILS OF LOANS AND ADVANCES WITH RELATED PARTIES

(Rs in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Deposits	-	-
Advances	-	-
Advances Tax (Net of Provisions)	-	-
Total	-	-

Note: No amount is due from Promoters' Groups/Group Companies/Directors/Relatives of Directors.

Annexure- I.b
SUNDRY DEBTORS

The details of Sundry Debtors are as below:

(Rs. in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	-	-
Debts outstanding for a period not exceeding six months	-	12.35
Total	-	12.35

SUNDRY DEBTORS (RECEIVABLES FROM RELATED PARTIES)

(Rs in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	-	-
Debts outstanding for a period not exceeding six months	-	-
Total	-	-

Note: No amount is due from Promoters' Groups/Group Companies/Directors/Relatives of Directors.

Annexure- I.c

CURRENT LIABILITIES AND PROVISIONS

The details of Current Liabilities and Provisions are as below:

(Rs. in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Sundry Creditors	-	4.91
Provision for Taxation	-	7.00
Total	-	11.91

ANNEXURE - III

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Basis of preparation of financial statements.

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles ("GAAP"), the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

The preparation of the financial statements in conformity with Indian GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements.

2. Fixed Assets.

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing (s) attributable to fixed assets as per AS-16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India.

Fixed Assets, are depreciated pro rata to the period of use on the basis of written down value method based on the estimated useful lives as per the following rates prescribed in the Schedule XIV to the Companies Act, 1956, as amended and rules there under:

Descriptions	Rate
Air Conditioner	13.91%
Plant & Machinery-	40.00%
Computers & Accessories	
Medical Equipments	20.00%
Electrical Fittings	13.91%
Office Equipment	13.91%
Furniture & Fixtures	18.10%

3. Capital Work-in-Progress.

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year end, are disclosed under Capital Work-in-Progress.

4. Depreciation.

Depreciation on fixed assets is provided using the written down value method at the rates specified in schedule XIV to the Companies Act, 1956, as amended. Depreciation is charged on a Pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year of purchase.

5. Revenue recognition.

Revenue is recognized based on the terms of contracts and passing of title wherever necessary.

6. Expenditure.

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price.

7. Inventories.

Inventories are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition.

8. Miscellaneous Expenditure

The pre-operative expenses are amortised over a period of Five years.

9. Taxes on Income.

Provision for income tax is made based on the rates and methods provided under the Income Tax Act 1961, based on the tax liability as computed after taking credit for allowances and exemptions.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income "issued by the Institute of Chartered Accountants of India.

10. Earning Per Share.

Profit after Tax of a particular reporting period is used as the earnings figure for the purpose

12. Deferred Tax Movement.

The net deferred tax liability of Rs. 3,07,126/- as at 30th June 2007 (Previous Year- Rs. NIL/-) has arisen on account of the following:

(Rs. in Lakhs)			
Nature- (Asset)/ Liability)	As at 30.06.2006	Charged/ (Credited) to P& L	As at 30.06.2007
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	-	3.07	3.07
Total (A)	-	3.07	3.07
Deferred Tax Assets:	-	-	-
Total (B)	-	-	-
Net Deferred Tax Liability (A-B)	-	3.07	3.07

13. As of June 30, 2007 there are no dues to SSI units which are outstanding for more than 30 days and more than Rupees one lakh .
14. Loans and Advances and sundry debtors stated in the balance sheet are in the opinion of the management are realizable in the ordinary course of business.
15. As of June 30, 2007 there are no Contingent Liabilities.
16. Foreign Exchange earnings and outgo: Nil
17. Balance sheet abstract and general business profile as per part IV of schedule VI to the Companies Act, 1956 is annexed here to and form an integral part of the annual accounts.
18. Previous years figures have been regrouped / recast wherever necessary to conform to the classification of the current period.

ANNEXURE – IV
SUMMARY OF CASH FLOW, AS RESTATED
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS (I)	-	33.75
(II) Adjustment for:		
Depreciation	-	1.84
Interest Expense	-	-
Miscellaneous Expenses written off	-	1.26
Total (II)	-	3.10
Operating Profit before working capital Changes (I) + (II)	-	36.85
(III) Adjustment for		
Trade and other receivables	(128.42)	81.39
Inventories (incl. WIP)	-	(32.15)
Trade Payable	-	4.91
Sub Total (III)	(128.42)	54.15
Cash Generated from Operations (I) + (II) + (III)	(128.42)	91.00
Direct Tax Paid	-	-
Net Cash from Operating Activities (A)	(128.42)	91.00
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets (incl. CWIP)	(146.75)	(87.31)
Investment in Body Corporate	-	-
Net Cash used in Investing Activities (B)	(146.75)	(87.31)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	-	-
Proceeds from issue of Equity Shares (incl. Share Premium)	281.35	-
Proceeds from Borrowings	-	-
Misc. Expenditure	(3.67)	(2.65)
Dividend Paid	-	-
Tax on Dividend	-	-
Net Cash from Financing Activities (C)	277.68	(2.65)
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	2.51	1.04
Cash and Cash Equivalents (Opening balance)	-	2.51
Cash and Cash Equivalents (Closing Balance)	2.51	3.55

ANNEXURE – V
RELATED PARTY DISCLOSURE
Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Holding Companies	
1	Dhanus Technologies Limited.	Holding Company
II	Key Management Personnel	
1	Mr K L Jayakumar	Director
2	Mr A D Sudhindra	Director
3	Mr V Narayanaswamy	Director
4	Capt D S Srinivasan	Director

Disclosure of transaction between the company and related parties for the Year ended on 30.06.2007
(Rs)

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr K L Jayakumar	-	-
2	Mr A D Sudhindra	-	-
3	Mr V Narayanaswamy	-	-
4	Capt D S Srinivasan	-	-

Disclosure of transaction between the company and related parties for the year ended on 30.06.2006

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr K L Jayakumar	-	-
2	Mr A D Sudhindra	-	-
3	Mr V Narayanaswamy	-	-
4	Capt D S Srinivasan	-	-

AUDITORS' REPORT

To

The Board of Directors
Dhanus Technologies Limited
6-B Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T.Nagar, Chennai - 600 017

Dear Sirs,

We have examined the consolidated financial information of Dhanus Technologies Inc., USA (hereinafter referred to as "Dhanus Inc" or "the Company") and its subsidiary contained in the statements annexed to this report for the period ended on 30th June 2007. The same is prepared on the basis of the financial statements of Dhanus Technologies Inc (A Corporation formed under the laws of the State of Delaware. The Company is a wholly owned subsidiary of Dhanus Technologies Ltd. of India), which is proposed to be included in the Offer Document being issued by Dhanus Technologies Limited in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:-

- (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with the proposed Public Issue of Equity Shares by Dhanus Technologies Limited.

Financial information as per audited financial statements:

1. We have examined the attached consolidated restated summary statement of Assets & Liabilities of the Company & its subsidiary as at 30th June 2007 (**Annexure-I in USD & Annexure III in converted Indian Rupees**) and the attached consolidated restated summary statement of Profit and Losses for the period ended on that date (**Annexure-II in USD & Annexure IV in converted Indian Rupees**) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. Based on our examination of these summary statements, we state that:
 - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the period to which they are related;
 - ii. The consolidated summary statements of the Company & its subsidiary have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company & its subsidiary as at June 30, 2007 as stated vide **Annexure – V** to this report.
2. The summary of significant accounting policies adopted by the Company & its subsidiary pertaining to the consolidated audited financial statements as at June 30, 2007 are enclosed as **Annexure – V** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the period ended on 30th June 2007, proposed to be included in the Offer Document of Dhanus Technologies Limited as approved by the Board of Directors and annexed to this report:

1.	Cash Flow Statements	Annexure - VI
2.	Related Party Disclosure	Annexure - VII

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For P C Acharya & Co.
Chartered Accountants**

Date: July 20, 2007
Place: Chennai

**P C Acharya
Proprietor
Membership No. 210719**

ANNEXURE – I
CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES AS RESTATED
(In USD)

PARTICULARS	30-Jun-07
Fixed Assets	
Gross Block	712,553
Less : Accumulated Depreciation	11,623
Net Block	700,930
Less : Revaluation Reserve	-
Net Block after adjustment for Revaluation Reserve	700,930
Total Fixed Assets (A)	700,930
Investments (B)	-
Current Assets, Loans & advances	
Cash in Bank	25,551
Accounts Receivable	95,879
Deferred Tax Assets	214,355
Total of Current Assets, Loans & advances (C)	335,785
Total Assets (A+B+C) = D	1,036,715
Less : Liabilities and Provisions :	
Mortgage Loan Payable	246,000
Long Term Loan	105,000
Current Liabilities	624,710
Loans from Directors	10,887
Total Liabilities (E)	986,597
Net Worth (D-E)	50,118
Represented By	
Share Capital and Application Money Pending Allotment (I)	705,900
Reserve & Surplus	-
Less : Revaluation Reserve	-
Net Reserve & Surplus (II)	-
Income (Deficit) (III)	(655,782)
Net Worth (I + II - III)	50,118

ANNEXURE – II
CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

(In USD)	
PARTICULARS	30-Jun-07
Income	
Sales	178,894
TOTAL INCOME (A)	178,894
Expenditure	
Salaries	79,929
Professional Fees	33,868
Common Area Maintenance Fees	2,382
Telephone Charges	18,200
Tax and Licenses	1,121
Colo and Minutes	79,626
Bank Charges	1,390
Printing and Stationery	1,319
Interest and Financial Charges	17,062
Depreciation	11,622
Repairs and Maintenance	3,908
Office Expenses	5,978
BPO Expenses	407,503
Airline/Travel	49,079
Auto/Gas	9,703
Postage/Shipping	16,740
Food, Misc	25,318
Advertisement & Logistic	278,075
Payment Gateway	354
911 Facility	5,700
Utilities	152
TOTAL EXPENDITURE (B)	10,49,031
Net Loss Before Tax & Extra Ordinary Items (A-B)	(870,137)
Provision for Income Tax	-
Deferred Tax Asset/Liability	214,355
Net Loss Before Extra Ordinary Items	(655,782)
Extra Ordinary Items	-
Net Loss After Tax and Extra Ordinary Items	(655,782)
Balance of Profit Brought Forward	-
Dividend (including Corporate Dividend Tax)	-
Corporate Dividend Tax	-
Transfer to General Reserve	-
Balance Loss Carried to Balance Sheet	(655,782)

ANNEXURE – III
CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES AS RESTATED
(Rs. in lakhs)

PARTICULARS	30-Jun-07
Fixed Assets	
Gross Block	289.18
Less : Accumulated Depreciation	4.72
Net Block	284.46
Less : Revaluation Reserve	-
Net Block after adjustment for Revaluation Reserve	284.46
Total Fixed Assets (A)	284.46
Investments (B)	-
Current Assets, Loans & advances	
Cash in Bank	10.37
Accounts Receivable	38.91
Deferred Tax Assets	86.99
Total of Current Assets, Loans & advances (C)	136.27
Total Assets (A+B+C) = D	420.73
Less : Liabilities and Provisions :	
Mortgage Loan Payable	99.84
Long Term Loan	42.61
Current Liabilities	253.53
Loans from Directors	4.41
Total Liabilities (E)	400.39
Net Worth (D-E)	20.34
Represented By	
Share Capital and Application Money Pending Allotment (I)	286.48
Reserve & Surplus	-
Less : Revaluation Reserve	-
Net Reserve & Surplus (II)	-
Income (Deficit) (III)	(266.14)
Net Worth (I + II - III)	20.34

ANNEXURE – IV
CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

PARTICULARS	(Rs. in lakhs)
	30-Jun-07
Income	
Sales	72.60
TOTAL INCOME (A)	72.60
Expenditure	
Salaries	32.44
Professional Fees	13.75
Common Area Maintenance Fees	0.97
Telephone Charges	7.39
Tax and Licenses	0.45
Colo and Minutes	32.33
Bank Charges	0.56
Printing and Stationery	0.54
Interest and Financial Charges	6.92
Depreciation	4.72
Repairs and Maintenance	1.59
Office Expenses	2.44
BPO Expenses	165.39
Airline/Travel	19.93
Auto/Gas	3.94
Postage/Shipping	6.79
Food, Misc	10.27
Advertisement & Logistic	112.86
Payment Gateway	0.14
911 Facility	2.31
Utilities	0.06
TOTAL EXPENDITURE (B)	425.74
Net Loss Before Tax & Extra Ordinary Items (A-B)	(353.13)
Provision for Income Tax	-
Deferred Tax Asset/Liability	86.99
Net Loss Before Extra Ordinary Items	(266.14)
Extra Ordinary Items	-
Net Loss After Tax and Extra Ordinary Items	(266.14)
Balance of Profit Brought Forward	-
Dividend (including Corporate Dividend Tax)	-
Corporate Dividend Tax	-
Transfer to General Reserve	-
Balance Loss Carried to Balance Sheet	(266.14)

ANNEXURE - V

A. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE PERIOD ENDED 30TH JUNE 2007:

1. Presentation of financial statements

The accompanying consolidated financial statements include the accounts of Dhanus Technologies Inc. and its subsidiary MPINGI, Inc. (Collectively, the "Company"). All inter-company balances and transactions have been eliminated. The financial statements were prepared in compliance with the United States generally accepted accounting standards.

2. Description of the Company

Dhanus Technologies Inc. (the Company) was incorporated on July 20, 2006 under the laws of the State of Delaware. The Company is a wholly owned subsidiary of Dhanus Technologies Ltd. of India.

The company is certified by the State of California to conduct business in the State commencing from September 7, 2006.

The company is primarily holding commercial real estate for rent in Sunnyvale, California. The company also engages in providing consulting services and acting as a collection agent for its parent company Dhanus Technologies Ltd., India.

The company's real estate was not rented as of June 30, 2007.

3. Statement of Conversion Rates of Foreign Currency to Indian Rupee

US Dollar amount have been translated into Rupees and presented solely to comply with the requirements of the Clause 6.9.7.1 of the SEBI (DIP) Guidelines.

Particulars	For the Period ended 30.06.2007
Period ended	40.584

4. Summary of significant accounting policies

- A. **Revenues** from rent are recognized for periods when the property is occupied by tenants. Service revenues are recognized at the time of completion of service.
- B. **Property, Plant and equipment** are depreciated on a straight line basis over the estimated useful life of the assets ranging from five to thirty years. Property acquisition costs includes mortgage and other fees associated with the acquisition and have been capitalized accordingly.
- C. **Mortgage Notes Payable** is reflected in the principal amount of \$246,000 in the balance sheet. The loan is an interest only loan for a period of three years, at which time the total principal becomes due. Interest is at the rate of 9.5% per annum and is paid on a monthly basis.
- D. **Accounts Payable:** Out of total balance of \$624,710, the amount due to Dhanus Technologies Ltd., India towards BPO billing is \$417,466.
- E. **Long term Loans Payable** are advances taken from Dhanus Technologies Ltd., in the amount of \$105,000 as of the balance sheet date.

ANNEXURE – VI
SUMMARY OF CASH FLOW, AS RESTATED
(Rs. in lacs)

PARTICULARS	Period Ended 30-Jun-07
(A) CASH FLOW FROM OPERATING ACTIVITIES	
NET LOSS (I)	(266.14)
(II) Adjustment for:	
Depreciation	4.72
Deferred Tax Assets	(86.99)
Total (II)	(82.27)
Net Cash from Operating Activities (A)	(348.41)
(B) CASH FLOW FROM INVESTING ACTIVITIES	
Purchases of Property & Equipment	(289.18)
Accounts Receivables	(38.91)
Net Cash used in Investing Activities (B)	(328.09)
(C) CASH FLOW FROM FINANCING ACTIVITIES	
Capital contribution-Shareholders	118.06
Application Money Received	168.42
Mortgage Loans Payable	99.84
Long Term Loans Payable	42.61
Accounts Payable	253.52
Loans from Directors	4.42
Net Cash from Financing Activities (C)	686.87
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	10.37
Cash and Cash Equivalents (Opening balance)	-
Cash and Cash Equivalents (Closing Balance)	10.37

ANNEXURE –VII

RELATED PARTY DISCLOSURE

Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Holding Companies	
1	Dhanus Technologies Limited.	Wholly-Owned Holding Company
II	Subsidiary Companies	
1	MPINGI Inc., USA	Wholly-Owned Subsidiary Company

Disclosure of transaction between the company and related parties for the Period ended 30.06.2007

(Rs in Lakhs)

Sl. No.	Name of related Party	Nature of transaction	Amount
1	Dhanus Technologies Limited.	Share Capital Contribution Received	118.06
2	Dhanus Technologies Limited.	Application Money Received	168.42
3	Dhanus Technologies Limited.	Current Loan Payables	25.07
4	Dhanus Technologies Limited.	Long Term Loan Payables	42.61
5	MPINGI Inc., USA	Investment	82.02
6	MPINGI Inc., USA	Advances	125.61

AUDITORS' REPORT

To

The Board of Directors
Dhanus Technologies Limited
6-B Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T.Nagar, Chennai - 600 017

Dear Sirs,

We have examined the consolidated financial information of Dhanus Technologies Limited (hereinafter referred to as "Dhanus" or "the Company") and its subsidiaries contained in the statements annexed to this report for the financial year ended on 30th June 2006 and 30th June 2007, which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of: -

- (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached consolidated restated summary statement of Assets & Liabilities of the Company & its subsidiaries as at 30th June 2006 and 30th June 2007 (**Annexure-I**) and the attached consolidated restated summary statement of Profit and Losses for the years ended on those dates (**Annexure-II**) together, referred to as 'consolidated summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure-III-B** to this report. Based on our examination of these summary statements, we state that:
 - i. The consolidated restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the year/period to which they are related;
 - ii. The consolidated summary statements of the Company & its subsidiaries have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at June 30, 2007 as stated vide **Annexure – III-A** to this report. The consolidated summary statements have to be read in conjunction with the notes given in **Annexure – III-B** to this report.
 - iii. There are no qualifications in the auditors' report that require any adjustment to the summary statements.
 - iv. The extra-ordinary items that need to be disclosed separately in the consolidated summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in Annexure - **III-B**.
2. The summary of significant accounting policies adopted by the Company & its subsidiaries pertaining to the audited financial statements as at June 30, 2007 are enclosed as **Annexure – III-A** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company & its subsidiaries for the years ended on 30th June 2006 and 30th June 2007, proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:

1	Summary of Reserves & Surplus	Annexure - I.a
2	Secured Loans	Annexure - I.b
3	Unsecured Loans	Annexure - I.c
4	Sundry Debtors	Annexure - I.d
5	Loans and Advances	Annexure - I.e
6	Current Liabilities & Provisions	Annexure - I.f
7	Statement of Inventory & WIP	Annexure - I.g
8	Geographical break-up of sale of products/services	Annexure - II.a
9	Statement of Auditors Remuneration	Annexure - II.b
10	Expenditure in Foreign Currency	Annexure - II.c
11	Earning in Foreign Currency	Annexure - II.d
12	Directors' Remuneration	Annexure - II.e
13	Cash Flow Statements	Annexure - IV
14	Related Party Disclosure	Annexure - V
15	Contingent Liabilities	Annexure - VI
16	Summary of Accounting Ratios	Annexure - VII
17	Capitalisation Statement	Annexure - VIII

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For P C Acharya & Co.
Chartered Accountants**

**P C Acharya
Proprietor
Membership No. 210719**

Date: July 20, 2007
Place: Chennai

ANNEXURE – I
STATEMENT OF ASSETS & LIABILITIES AS RESTATED
(Rs. in lakhs)

PARTICULARS	As At	
	30-Jun-06	30-Jun-07
Fixed Assets		
Gross Block	1,279.59	4,088.50
Less : Accumulated Depreciation	328.36	779.41
Net Block	951.23	3,309.09
Less : Revaluation Reserve	-	-
Net Block after adjustment for Revaluation Reserve	951.23	3,309.09
Capital Work in progress	146.75	139.44
Total Fixed Assets (A)	1097.98	3,448.53
Investments (B)	-	-
Current Assets, Loans & advances		
Inventories (including WIP)	1,327.95	2,791.39
Sundry Debtors	621.47	1,835.62
Cash and Bank Balances	24.78	1,652.81
Loans and Advances	618.98	976.88
Other Current Assets	-	-
Total of Current Assets, Loans & advances (C)	2,593.18	7,256.70
Total Assets (A+B+C) = D	3,691.16	10,705.23
Less : Liabilities and Provisions :		
Secured Loans	164.12	691.66
Unsecured Loans	5.14	4.42
Current Liabilities & Provisions	482.71	1,705.41
Deferred Tax Liability	14.72	(50.57)
Total Liabilities (E)	666.69	2,350.92
Net Worth (D-E)	3,024.47	8,354.31
Represented By		
Equity Share Capital (I)	904.16	1,374.26
Reserve & Surplus	2,247.65	7,465.23
Less : Revaluation Reserve	-	-
Net Reserve & Surplus (II)	2,247.65	7,465.23
Misc. Expenditure (III)	127.34	485.18
Net Worth (I+II-III)	3,024.47	8,354.31

ANNEXURE – II
SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Income		
Income from Sales of Products/ Services		
- Software Products & Services	854.41	3,152.63
- Telecard Service	2,313.86	5,031.62
- BPO Services	425.29	841.63
- Communication Services	-	72.60
- FleeTrac Sales	-	11.84
- Medicare Sales and Services	-	102.75
- Interest Income	-	8.85
- Increase/(Decrease) in stock	-	32.15
TOTAL INCOME (A)	3,593.56	9,254.07
Expenditure		
Software Development & Maintenance	141.54	928.57
Expenses for Telecard Service	1,319.54	3,001.87
Internet Charges	30.95	64.05
Research & Development Expenses	87.49	563.42
Staff Cost	164.52	494.38
Outsourcing Costs	65.43	348.80
Colo and Minutes	-	32.31
Medicare Purchases	-	94.13
Administrative & Other Expenses	146.46	616.35
Interest and Financial Charges	14.95	27.58
Depreciation	196.13	451.05
Miscellaneous Exp. Written off	0.01	1.26
TOTAL EXPENDITURE (B)	2,167.02	6,623.77
Net Profit Before Tax & Extra Ordinary Items (A-B)	1,426.54	2,630.30
Provision for Income Tax	109.00	477.00
Deferred Tax (Asset)/Liability	7.75	(65.29)
Fringe Benefit Tax paid	0.48	1.84
Net Profit Before Extra Ordinary Items	1,309.31	2216.75
Extra Ordinary Items	-	-
Deferred Tax (Asset)/Liability	-	-
Net profit After Tax and Extra Ordinary Items	1,309.31	2216.75
Balance of Profit Brought Forward	437.53	1,624.90
Dividend	90.42	206.14
Corporate Dividend Tax	11.52	35.03
Transfer to General Reserve	20.00	100.00
Balance Carried to Balance Sheet	1,624.90	3,500.48

Annexure – I.a
SUMMARY OF RESERVES & SURPLUS
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
General Reserve	50.00	150.00
Profit & Loss Account (b)	1,624.90	3,500.48
Securities Premium (c)	572.75	3,814.75
Total (a + b + c)	2,247.65	7,465.23

Annexure – I.b
SECURED LOANS
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
TERM LOAN:		
From Banks	95.25	47.51
Sub-Total (a)	95.25	47.51
CASH CREDIT:		
From Banks	68.87	539.72
Sub-Total (b)	68.87	539.72
OTHERS:		
Car Loan-Kotak Mahindra Prime Ltd.	-	4.59
Mortgage Loans	-	99.84
Sub-Total (b)	-	104.43
TOTAL	164.12	691.66

Details of Secured Loans outstanding as on 30th June, 2007
(Rs. in lakhs)

Particulars of Loan	Institution / Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Term Loans from Scheduled Banks	UCO Bank	110.00	47.51	BPLR + 2% i.e. 13%	28 instalments of Rs. 3.95 lacs per month from Jan, 2006	Secured against Hypothecation of Computers, Telephone Softwares, Furnitures & Fixtures, Office Equipments, etc arising out of such loan proceeds on a first and exclusive charge basis
Sub-Total (a)		110.00	47.51			
(i) Fund Based - Cash Credit	UCO Bank	80.00	75.02	BPLR + 2% i.e. 13%	-	Secured against Hypothecation of Stocks and Book Debts
(ii) Fund Based - Cash Credit		700.00	464.70	BPLR+0.5% i.e. 14%	-	
(ii) Non-Fund Based		-	-	-	-	
Sub-Total (b)		780.00	539.72			
Car Loan-Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	8.43	4.59	4.03	35 instalments of Rs. 0.27 lacs per month	Secured against Hypothecation of Motor Car
Mortgage Loans	Mortgage Co. of Santa Barbara	99.84	99.84	9.50	3 Years	Secured against Hypothecation of Property
Sub-Total (b)		108.27	104.43			
Total (a+b+c)		998.27	691.66			

Annexure – I.c
UNSECURED LOANS

The Details of Unsecured Loans are as below: -

(Rs. in Lacs)		
PARTICULARS	30-Jun-06	30-Jun-07
Loans from Directors	5.15	4.42
TOTAL	5.15	4.42
Rate of Interest	Bearing no Interest	Bearing no Interest
Repayment Term	Repayable on Demand	Repayable on Demand

Annexure – I.d
SUNDRY DEBTORS

(Rs. in Lacs)		
PARTICULARS	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	2.12	3.02
Debts outstanding for a period not exceeding six months	619.35	1,832.60
Total	621.47	1,835.62

SUNDRY DEBTORS (RECEIVABLES FROM RELATED PARTIES)

(Rs. in Lacs)		
PARTICULARS	30-Jun-06	30-Jun-07
Debts outstanding for a period exceeding six months	-	-
Debts outstanding for a period not exceeding six months	-	169.42
Total	-	169.42

Note: The receivables are due from the subsidiaries viz., Dhanus Technologies, Inc., USA and Mpingi Inc., USA.

Annexure – I.e
LOANS AND ADVANCES

The details of Loans and Advances are as below:

(Rs. in Lacs)		
PARTICULARS	30-Jun-06	30-Jun-07
Deposits	52.85	568.25
Advances	561.13	358.57
Income Tax Deducted at Source	0.00	0.06
Advances Tax (Net of Provisions)	5.00	50.00
Total	618.98	976.88

DETAILS OF LOANS AND ADVANCES WITH RELATED PARTIES
(Rs in Lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Deposits	-	-
Advances	-	42.61
Advances Tax (Net of Provisions)	-	-
Total	-	-

Note: The advances are due from a wholly owned subsidiary viz., Dhanus Technologies, Inc., USA.

Annexure – I.f
CURRENT LIABILITIES & PROVISIONS
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
CURRENT LIABILITIES:		
Sundry Creditors:		
Due to Small Scale Industrial Undertakings	-	-
Due to Others	271.28	985.39
Sub-Total (a)	271.28	985.39
PROVISIONS:		
For Income Tax	109.00	477.00
For Fringe Benefit Tax	0.48	1.85
For Dividend (including CDT)	101.94	241.17
Sub-Total (b)	211.42	720.02
TOTAL	482.70	1705.41

Annexure – I.g
STATEMENT OF INVENTORY AND WORK-IN-PROGRESS
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Stock of V-Tel Cards	575.33	712.84
Medicare Stocks	-	32.14
Work-in-Progress	752.62	2046.41
Total	1327.95	2791.39

ANNEXURE - II.a
GEOGRAPHICAL BREAK-UP OF SALE OF PRODUCTS/SERVICES
(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Overseas Revenue & Sales – Export	1,279.70	4,066.87
Sales – Domestic	2,313.86	5,146.21
Total	3,593.56	9,213.08

STATEMENT OF OTHER INCOME

(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Interest Income	-	8.85
Increase/(Decrease) in stock	-	32.14
Total	-	40.99

Annexure – II.b
STATEMENT OF AUDITORS' REMUNERATION

(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Statutory Audit Fee (incl. Service Tax)	3.50	17.25
Tax Audit Fee (incl. Service Tax)	0.75	1.12
Fee for Other Services	0.75	1.12
Total	5.00	19.49

Annexure – II.c
EXPENDITURE/REMITTANCES IN FOREIGN CURRENCY

(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Expenditure/ Remittances in Foreign Currency	804.13	1314.21
Total	804.13	1314.21

Annexure – II.d
EARNINGS IN FOREIGN CURRENCY

(Rs. in lakhs)

PARTICULARS	30-Jun-06	30-Jun-07
Earnings in Foreign Currency	658.35	1637.81
Total	658.35	1637.81

Annexure – II.e
DIRECTORS REMUNERATION

Financial Year 2006-07

(Rs. in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	20.10	10.05	30.15
Mr V Narayanaswamy	Managing Director	20.10	10.05	30.15
Capt D S Srinivasan	Jt Managing Director	20.10	10.05	30.15
Mr S Muthukrishnan	Director (Marketing)	8.40	4.20	12.60
Total		68.70	34.35	103.05

Financial Year 2005-06

(Rs.in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	7.40	2.45	9.85
Mr V Narayanaswamy	Managing Director	7.40	2.45	9.85
Capt D S Srinivasan	Jt Managing Director	7.40	2.45	9.85
Mr S Muthukrishnan	Director (Marketing)	0.40	0.10	0.50
Mr A V Srinivasan	Executive Director	4.80	1.20	6.00
Total		27.40	8.65	36.05

Financial Year 2004-05

(Rs.in Lacs)

Name of Director	Designation	Remuneration	Allowances	Total
Mr A D Sudhindra	Executive Chairman	2.40	0.60	3.00
Mr V Narayanaswamy	Managing Director	2.40	0.60	3.00
Capt D S Srinivasan	Director	2.40	0.60	3.00
Total		7.20	1.80	9.00

ANNEXURE - III
CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:
1. Consolidated Significant Accounting Policies.
1.1. Basis of preparation of financial statements.

The consolidated financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles ("GAAP"), the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis. The financial statements of the wholly owned foreign subsidiary company have been prepared in compliance with the United States generally accepted accounting standards.

The financial statements of the holding company and its subsidiaries used in the consolidation are drawn upto the same reporting period as that of the parent company i.e., year/period ended 30th June 2007.

1.2. Use of Estimates.

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Dhanus Technologies inc. (the Company) was incorporated in July 20, 2006 under the laws of the State of Delaware. The company is certified by the State of California to conduct business in the State commencing from September 7, 2006.

1.3. Principles of Consolidation.

The consolidated financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies on a line by line basis by adding together in the book values of like items of Assets, Liabilities, income and expenses, after fully

eliminating intra-group balances, intra-group transactions and the on realize profits in accordance with Accounting Standard 21 on consolidated financial statement issued by the Institute of Chartered Accountants of India.

In accordance with Accounting Standard 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India the consolidated financial statements of Dhanus Technologies Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled as follows:

Name of the Subsidiary	Country of Incorporation	% holding
Dhanus Global Medicare Pvt. Ltd.	India	100
Dhanus Technologies Inc.	USA	100
MPINGI. Inc., (WOS of Dhanus Technologies Inc, USA)	USA	100

The reporting dated for the consolidated accounts are as under:

Dhanus Technologies Limited – Parent Company	30 th June, 2007
Dhanus Global Medicare Pvt. Ltd.	30 th June, 2007
Dhanus Technologies Inc.	30 th June, 2007
MPINGI, Inc., (Wholly owned subsidiary of Dhanus Technologies Inc, USA)	30 th June, 2007

(The acquisition costs of shares in MPINGI Inc, USA has been reported on a cost basis by the Dhanus Technologies Inc., USA.)

1.4. Fixed Assets.

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing (s) attributable to fixed assets as per AS-16 “Borrowing Costs” issued by the Institute of Chartered Accountants of India. Capital Work-in-Progress is stated at cost.

In respect to Dhanus Technologies Inc., USA, the fixed assets acquisition cost includes mortgage and other fees associated with the acquisition and have been capitalized accordingly.

1.5. Foreign Currency Transactions.

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

1.6. Revenue recognition.

Revenue is recognized based on the terms of contracts and passing of title wherever necessary. With respect to Calling Cards, Sales are recognized on despatch of goods to customers. BPO revenues are recognized on completion of services and billed.

The revenues of the USA Subsidiary are recognized based on the terms of contracts and the service revenues are recognized at the time of completion of service.

1.7 Retirement Benefits.

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company’s contributions to provident fund are charged to the Profit and Loss Account. The Company also has a scheme of employees’ state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai.

1.8. Expenditure.

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price. Software development and services is charged to revenue in the same year.

1.9. Depreciation.

Depreciation on fixed assets is provided using the written down value method at the rates specified in schedule XIV to the Companies Act, 1956, as amended. Depreciation is charged on a Pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year of purchase.

The fixed assets of the USA Subsidiary are depreciated on a straight line basis over the estimated useful life of the assets ranging from five to thirty years.

1.10. Research and Development.

Research and Development expenditure on the proposed communications & telematic projects is accumulated for writing off in future years. Research and Development expenditure incurred during the year on software development, product development, product testing etc., is charged to revenue.

1.11. Stocks and Work in Progress.

Stocks of Cards are valued at Cost and on FIFO basis and include all applicable overheads in bringing the inventories to their present location and condition. Work in progress in respect of GIS Development, Development of In-Vehicle navigation system, Flee Trac v2-0-Software Development, FleeTrac ERP v.1.0, Supply Chain Management, Mobility solution for logistics, Development of Comprehensive CRM & Integration of V-Tel solution on hand held, etc is valued at Cost.

1.12. Segment Accounting

The accounting policies adopted for Segment reporting are in line with the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

- a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.
- b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at a competitive market price and such transfers are eliminated in the consolidation of the segments.
- c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the Company as a whole and are not allocable to segments, are included under unallocated corporate expenses.
- d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

1.13. Miscellaneous Expenditure

Preliminary expenses are amortised over a period of 10 years. Research and Development expenditure on the proposed communications & telematic projects is accumulated for writing off in future years. In respect of subsidiary company, the pre-operative expenses are booked under this head for writing off in the future years as the commercial operations are not yet started. The pre-operative expenses are amortised over a period of Five years.

1.13 Taxes on Income.

Provision is made for income tax on an annual basis, under the tax payable method, based on the tax liability as computed after taking credit for allowances and exemptions. The provision for income tax is made based on the rates and methods provided under the Income Tax Act 1961.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India.

The foreign subsidiary recognizes deferred tax assets and liabilities in accordance with the local laws and the applicable accounting standards or generally accepted accounting principles.

1.14 Earning Per Share

Profit after Tax of a particular reporting period is used as the earnings figure for the purpose of calculating Earning per Share. Basic Earning per Share has been computed by dividing Profit after Tax by the weighted average number of Shares outstanding for the year. Using the weighted average number of Shares and dilutive potential equity shares outstanding the year the diluted earning per share is arrived at as per AS-20 "Earning per Share" issued by the Institute of Chartered Accountants of India.

2. Consolidated Notes on Accounts.

2.1. Share Capital.

Particulars	30 th June, 2007		30 th June, 2006	
	Number	Value (in Lacs)	Number	Value (in Lacs)
Closing Balance as of	137,42,597	1374.26	94,41,597	904.16

2.2. Secured loans.

Secured loans from banks and others are secured by hypothecation of UPS, Computers, Networking Equipment, Telephone Softwares, Furnitures and Fixtures, Office Equipments; etc arising out of such loan proceeds on a first and exclusive charge basis and the Cash Credit is secured against hypothecation of Stocks and Receivables. The mortgage loan payable of USA Subsidiary is reflected in the principal amount in the balance sheet.

2.3. Retirement Benefits.

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company's contributions to provident fund are charged to the Profit and Loss Account. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai. The company had no voluntary retirement scheme during the period under report.

2.4. Managerial remuneration paid to the Directors.

(Rs. In Lacs)

Particulars.	2006-07	2005-06
Total remuneration paid to the Directors.	103.05	36.05

2.5. Auditors' remuneration.

Particulars.	2006-07	2005-06
a) Audit Fees	17.24	3.50

b)Tax Audit &Tax Representation	1.12	0.75
c)Certification Fees	0.83	0.50
d) Out of Pocket Expenses	0.30	0.25
Total	19.49	5.00

2.6. Quantitative details

The company is engaged in the provision and sales of Global calling Cards and development and maintenance of software and BPO services, the production, purchase and sales of such calling cards, software, medical equipments and BPO activities can not be expressed in any generic unit. It is not possible to give the quantity details of production and other information as required under the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The sales of calling cards are Rs. 50,31,62,148/- (Rs. 23,13,85,509/-), for software services Rs. 31,52,62,973/- (Rs 8,54,41,417/-), for BPO services Rs. 8,41,63,081/- (Rs. 4,25,29,224/-), for Communication Services Rs. 72,60,234/- (Rs. Nil), for medicare sales and services Rs. 1,02,74,867/- (Rs.Nil) and for interest income Rs. 8,84,618/- (Rs. Nil).

2.7. Deferred Tax Movement.

The net deferred tax asset of Rs. 50,56,896/- as at 30th June 2007 (Previous Year- Rs.14,72,684/-) has arisen on account of the following:

(In Lacs)			
Nature- (Asset)/ Liability)	As at 30.06.2006	Charged/ (Credited) to P& L	As at 30.06.2007
Deferred Tax Liabilities:			
Difference between the written down value of assets as per Book of Accounts and the Income Tax Act, 1961	14.73	21.69	36.42
Total (A)	14.73	21.69	36.42
Deferred Tax Assets:	--	(86.99)	(86.99)
Total (B)	--	(86.99)	(86.99)
Net Deferred Tax Liability/(Asset) (A-B)	14.73	(65.30)	(50.57)

2.9 Segment Information

The Company's operations are organized into five major divisions – Telecom & Communication Services, Software, BPO, Fleetrac and Medicare Services. Accordingly, these divisions comprise the primary basis of segmental information. The segment information for the year ended 30th June 2007 is as follows:

SEGMENT REPORTING

		(In Lacs)	
		Year Ended	Year Ended
		30.06.07	30.06.06
1	Segment Revenue		
	Telecom & Communication Services	5104.22	2313.86
	Software	3152.63	854.41
	BPO	841.63	425.29
	Fleetrac Sales and Services	11.84	
	Medicare Sales and Services	134.90	-
	Interest Income	8.85	-
	Total	9254.07	3593.56
	Less: Inter/Intra Segment Sales	-	-
	Net Sales	9254.07	3593.56
2	Segment Results		
	(Profit before Tax and Interest)		
	Telecom & Communication Services	607.75	574.66
	Software	1493.84	564.54
	BPO	520.21	302.29
	Fleetrac Sales and Services	2.33	
	Medicare Sales and Services	33.75	
	Total	2657.88	1441.49
Less	i) Interest & Finance Charges	27.58	14.95
	ii) Other un-allocable expenditure	-	-
	Profit before Tax	2630.30	1426.54
3	Capital Employed		
	(Segment Assets-Segment Liabilities)		
	Telecom & Communication Services	4446.56	1697.13
	Software	3028.81	727.94
	BPO	391.71	321.72
	Fleetrac Sales and Services	187.26	-
	Medicare Sales and Services	299.97	-
	Un-allocated	-	277.68
	Total	8354.31	3024.47

2.09 Disclosure in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

RELATED PARTY DISCLOSURE

Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
1	Dhanus Global Medicare Pvt. Ltd.	Wholly-Owned Subsidiary Company
2	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
3	MPINGI, Inc., USA	Wholly-Owned Subsidiary Company of Dhanus Technologies Inc., USA
II	Key Management Personnel	
1	Mr A D Sudhindra	Executive Chairman
2	Mr V Narayanaswamy	Managing Director
3	Capt D S Srinivasan	Jt Managing Director
4	Mr S Muthukrishnan	Director – Marketing
5	Mr V Baskaran	CFO and Company Secretary

Disclosure of transaction between the company and related parties for the Year ended on 30.06.2007

(Rs. In Lacs)

Sl. No.	Name of related Party	Nature of transaction	Amount
1	Dhanus Global Medicare Pvt. Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	312.42
3	Dhanus Technologies Inc., USA	Current Receivables	25.07
4	Dhanus Technologies Inc., USA	Advances	42.61
5	MPINGI, Inc., USA	Sales and Receivables	144.35
6	MPINGI, Inc., USA	Investment	82.02
7	MPINGI, Inc., USA	Advances	125.61
8	Mr A D Sudhindra	Remuneration Allowances	20.10 10.05
9	Mr V Narayanaswamy	Remuneration Allowances	20.10 10.05
10	Capt D S Srinivasan	Remuneration Allowances	20.10 10.05
11	Mr S Muthukrishnan	Remuneration Allowances	8.40 4.20
12	Mr V. Baskaran	Remuneration & Allowances	12.45

2.10 Dues to Small –Scale Industrial undertakings.

As of June 30, 2007 there are no dues to SSI units which are outstanding for more than 30 days and more than Rupees one lakh .

2.11 Sundry Debtors and Creditors balances of parties are subject to confirmation by the parties.

2.12 The inventories and work in progress are shown at the value as certified by the management.

2.13 Loans, Advances and Sundry Debtors stated in the balance sheet are in the opinion of the management are realizable in the ordinary course of business.

2.14 As of June 30, 2007 there are no Contingent Liabilities.

2.15 Foreign Exchange earnings and outgo:

Earnings in Foreign Currency	Rs. 16,37,81,467	(Rs. 6,58,35,274)
Foreign Currency outflow	Rs. 13,14,20,861	(Rs. 8,04,12,617)

2.16 Amount remitted during the year in foreign currency on account of dividends- Nil (Nil)

2.17 For consolidation of the accounts of Dhanus Technologies Limited, the foreign subsidiary transactions are translated/converted into Indian Rupees at Rs. 40.584 per US\$ i.e., the exchange rate as on 30th June, 2007.

2.18 Previous year/period figures have been regrouped / recast wherever necessary to conform to the classification of the current year/period.

ANNEXURE – IV
SUMMARY OF CASH FLOW, AS RESTATED

	(Rs. in lakhs)	
PARTICULARS	30-Jun-06	30-Jun-07
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	1,426.54	2,630.30
Adjustment for:		
Depreciation	196.13	451.05
Interest Paid	14.95	27.58
Miscellaneous Expenses written off	0.02	1.26
Operating Profit before working capital Changes	1,637.64	3,110.19
Adjustment for:		
Trade and other receivables	(944.71)	(1,572.05)
Inventories (incl. WIP)	(1,001.53)	(1,463.44)
Trade Payable	96.34	714.11
Cash Generated from Operations	(212.26)	788.81
Direct Tax Paid	(15.00)	(109.48)
Net Cash from Operating Activities (A)	(227.26)	679.33
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets (incl. CWIP)	(934.81)	(2801.59)
Investment in Body Corporate	-	-
Net Cash used in Investing Activities (B)	(934.81)	(2801.59)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(14.95)	(27.58)
Proceeds from issue of Equity Shares (incl. Share Premium)	1,204.05	3,712.10
Proceeds from Borrowings	122.44	526.81
Misc. Expenditure	(99.77)	(359.10)
Dividend Paid	(27.28)	(90.42)
Tax on Dividend	(3.57)	(11.52)
Net Cash from Financing Activities (C)	1,180.92	3,750.29
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	18.85	1,628.03
Cash and Cash Equivalents (Opening balance)	5.93	24.78
Cash and Cash Equivalents (Closing Balance)	24.78	1652.81

ANNEXURE – V
RELATED PARTY DISCLOSURE
Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
I	Subsidiary Companies	
1	Dhanus Global Medicare Pvt. Ltd.	Wholly-Owned Subsidiary Company
2	Dhanus Technologies Inc., USA	Wholly-Owned Subsidiary Company
3	MPINGI, Inc., USA	Wholly-Owned Subsidiary Company
II	Key Management Personnel	
1	Mr A D Sudhindra	Executive Chairman
2	Mr V Narayanaswamy	Managing Director
3	Capt D S Srinivasan	Jt Managing Director
4	Mr S Muthukrishnan	Director – Marketing
5	Mr A V Srinivasan	Executive Director

Disclosure of transaction between the company and related parties for the Year ended on 30.06.2007
(Rs. In Lacs)

Sl. No.	Name of related Party	Nature of transaction	Amount
1	Dhanus Global Medicare Pvt. Ltd.	Investment	281.35
2	Dhanus Technologies Inc., USA	Investment	312.42
3	Dhanus Technologies Inc., USA	Current Receivables	25.07
4	Dhanus Technologies Inc., USA	Advances	42.61
5	MPINGI, Inc., USA	Sales and Receivables	144.35
6	MPINGI, Inc., USA	Investment	82.02
7	MPINGI, Inc., USA	Advances	125.61
8	Mr A D Sudhindra	Remuneration	20.10
9	Mr V Narayanaswamy	Allowances	10.05
		Remuneration	20.10
10	Capt D S Srinivasan	Allowances	10.05
		Remuneration	20.10
11	Mr S Muthukrishnan	Allowances	10.05
		Remuneration	8.40
		Allowances	4.20
12	Mr V. Baskaran	Remuneration & Allowances	12.45

Disclosure of transaction between the company and related parties for the year ended on 30.06.2006

SI. No.	Name of related Party	Nature of transaction	Amount (Lacs)
1	Dhanus Global Medicare Pvt. Ltd.	Investment	281.35
2	Mr A D Sudhindra	Remuneration	7.40
		Allowances	2.45
3	Mr V Narayanaswamy	Remuneration	7.40
		Allowances	2.45
4	Capt D S Srinivasan	Remuneration	7.40
		Allowances	2.45
5	Mr S Muthukrishnan	Remuneration	0.40
		Allowances	0.10
6	Mr A V Srinivasan	Remuneration	4.80
		Allowances	1.20

ANNEXURE – VI

CONTINGENT LIABILITIES

(Rs. in lacs)

PARTICULARS	30-Jun-06	30-Jun-07
Counter Guarantees given for obtaining Bank Guarantees from various Banks	Nil	Nil
Letter of Credit	Nil	Nil
Others	Nil	Nil
Total	Nil	Nil

ANNEXURE – VII
SUMMARY OF ACCOUNTING RATIOS

PARTICULARS	30-Jun-06	30-Jun-07
Profit After Taxation (Rs in lacs)	1,309.31	2216.75
Earning Per Share - Basic and Diluted (Rs)	18.84	18.99
Net Worth (Rs in lacs)	3,024.47	8,354.30
Return on Net Worth (%)	43.29	26.53
Net Asset Value per Share (Rs.)	32.03	60.79
Price Per Equity Share (Rs)	10.00	10.00
Actual No. of Shares outstanding at the end of the year/ period	94,41,597	13,742,597
Weighted Average No. of Shares at the end of the year/ period	69,49,882	11,670,463

Notes:

(1) The Ratios have been computed as below:

Earning Per Share (Rs) = $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted average no. of Equity Share outstanding at the end of the year/ period}}$

Net Asset Value per Share (Rs) = $\frac{\text{Net Worth at the end of the year/period}}{\text{Equity Share outstanding at the end of the year/period}}$

Return on Net Worth (%) = $\frac{\text{Net profit After Tax}}{\text{Net Worth for the year at the end of the year/period}}$

(2) Profit & Loss, as restated, has been considered for the purpose of computing the above ratios.

ANNEXURE – VIII
CAPITALISATION STATEMENT
(Rs. in lakhs)

Particulars	Pre Issue (as on 30.06.2007)	Post Issue *
Loans - Secured and Unsecured		
Short Term Debt	544.31	
Long Term Debt	147.35	
Total Debt	691.66	
Shareholder's Fund		
Share Capital	1,374.26	
Reserves & Surplus (Excl. Revaluation Reserve)	7,465.23	
Sub- Total	8,839.49	
Less: Preliminary Expenses not written off	485.18	
Total Shareholder Fund (Equity)	8,354.31	
Long Term Debt / Equity	0.02	

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

EXISTING BORROWING FACILITIES

The Company has the following existing loans outstanding in its books of accounts as on December 31, 2006:

Secured Loans:

A. UCO Bank, No. 212, Mount Road, Chennai

Description	Date of Sanction	Amount of Sanction	Amount Disbursed	Rs. in lakhs
				Amount outstanding (As on 30.6.2007)
Rupee Term Loan of Rs. 110 lakhs	November 16, 2005	110	110	47.51
Cash Credit of Rs. 80 lakhs	November 16, 2005	80		75.02
Cash Credit of Rs. 700 lakhs	February 26, 2007	700		464.71

1. Term Loan of Rs. 110 lakhs sanctioned by UCO Bank vide its letter no. ADV/243/2005 dated 16.11.2005 towards the acquisition of an ongoing BPO operation of a company, and Rs. 80 lakhs towards working capital for day-to-day operations.

a. Salient features of Rs. 110 lakhs Term Loan:

Security : Hypothecation of computers, telephone softwares, office equipments, furnitures and fixtures etc. (erstwhile belongings of Enhanced Customer Care Private Limited since acquired by Dhanus Technologies Limited).

Margin : 25% for stock and 40% for book debts.

Rate of Interest: BPLR + 2% i.e., 13% or as advised by the Bank's Head Office from time to time.

b. Salient features of Rs. 80 lakhs Cash Credit Limit:

Security : Hypothecation of finished goods viz., V-Tel Global Calling Cards and book debt of not more than 90 days old.

Margin : Nil

Rate of Interest: BPLR + 2% i.e., 13% (as the repayment period is less than 36 months) or as advised by the Bank's Head Office from time to time.

Securities Offered

i. Term Loan:

Hypothecation of computers, telephone softwares, office equipments, furnitures and fixtures etc. (erstwhile belongings of Enhanced Customer Care Private Limited since acquired by Dhanus Technologies Limited).

ii. Cash Credit Facility:

Hypothecation of finished goods viz., V Tel Global Calling Cards and book debts of not more than 90 days old.

Collateral Security:

- a. Equitable mortgage of (exclusive first mortgage) of house property standing in the name of Mr. Ram V. Mani situated at Plot No. 5, S. No. 124/2B2, 2B3A, 2B3B of Thiruvanmiyur Village, Mylapore Triplicane Taluk, Chennai District Door No. 8(9) Kalashetra Avenue, Second Street, Thiruvanmiyur, Chennai valued at Rs. 172.40 lakhs.
- b. Equitable mortgage of (exclusive first mortgage) of land and building standing in the name of Mrs. Santha Mani situated at 145, Neelankarai Lake, Tambaram Taluk measuring 11.50 cents and built up area of 2707 sq. feet valued approximately Rs. 80 lakhs.
- c. Mr. A.D. Sudhindra – N.W. Rs. 118.30 lakhs.

- d. Mr. V. Narayanaswamy– N.W. Rs. 129.38 lakhs.
- e. Capt. D.S. Srinivasan – N.W. Rs. 127.95 lakhs.
- f. Mr. N. Sabapathy – N.W. Rs. 40.81 lakhs.
- g. Mr. S. Mahesh – N.W. Rs. 50.05 lakhs.
- h. Mr. A.V. Srinivasan – N.W. Rs. 50.10 lakhs.

Repayment of Term Loan:

The entire loan is to be repaid in 28 monthly instalments of Rs. 3.95 lakhs per month commencing from January 2006 (so as to fall in line with the original repayment schedule). The interest is to be services separately as and when charged to the account.

Special Terms and Conditions

- i. The entire outstanding of M/s Enhanced Customer Care Private Limited is to be ascertained from the Bank's Chetput Branch and the Cash Credit/Term Loan are to be released proportionately (subject to a maximum of the above limits) after recovering the overdues in full. Operations in the cash crts23511.22 Td([(o)-7(re)-)2(38Lo)-38Liteccoehv38L Cr24

1. Equitable mortgage of Lad and Building at Door No. 10-2\99, Eallmpillai Village, Dist. Salem in the name of Mr. S. Manoharan.
2. Pledge of 6 lakh shares from the promoters's quota of Dhanus Technologies Limited as additional collateral.
3. Fixed Deposit for Rs. 10 lakhs favouring the Company marked under lien to the Bank.

LOAN FOR CAR FINANCE

Dhanus Technologies Limited has taken car on hire purchase loan of Rs. 8,43,000/- from Kotak Mahindra Prime Limited vide Agreement No. CF-3063216 dated December 6, 2005 for purchase of Toyota Innova G1 Diesel Sports Utility Vehicle. The loan tenure is for 35 months and is to mature on November 1, 2008.

ii. FINANCIAL AND OTHER INFORMATION OF COMPANIES, FIRMS, TRUSTS PROMOTED/CONTROLLED BY THE PROMOTERS

The information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not are given hereunder:

1. Dhanus Global Medicare Limited (DGML)

The Company has been promoted by Mr. V. Narayanaswamy, Capt. D.S. Srinivasan, and Mr. A.D. Sudhindra.

The Company was incorporated on 7.10.2005 with the Registrar of Companies, Tamil Nadu, Chennai, as a private limited company. The company had its registered office at No. 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai – 600 017 which was shifted to 2C, Old No. 2, New No. 6, Raghaviah Road, T. Nagar, Chennai – 600 017 on April 17, 2006. The registered office of DGML was subsequently shifted to Arihant, VTN Residency, 1st Floor, 139/30, North Usman Road, T Nagar, Chennai – 600 017 w.e.f December 1, 2006. The shareholders of DGML at the Extra Ordinary Meeting held on November 24, 2006 approved the conversion of the Company to a public limited Company. Subsequently it was converted into a public limited company under section Sec. 44 of the Companies Act, 1956 and the name was changed to Dhanus Global Medicare Limited and a fresh Certificate of Incorporation dated 6.1.2007 received from the Registrar of Companies, Tamil Nadu, Chennai.

The main business of the Company as stated in the Memorandum of Association is to organize, provide, undertake and arrange whole body scanning services at the instance of Specialist and for forward opinions to them and to arrange undertake General Health checkup, Scanning and X-Ray; make, buy, sell, import and export and deal in all kinds of medical equipment including scanning and other surgical instruments; carry on business of diagnostic centres, clinical laboratories; and carry on the business of Telemedicine networking and consultancy.

Board of Directors

Name	Designation
Mr. K.L. Jayakumar	Director
Mr. V. Narayanaswamy	Director
Capt. D.S. Srinivasan	Director
Mr. A.D. Sudhindra	Director

Shareholding

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1.	Dhanus Technologies Limited	28,13,390	99.99
2.	Mr. K.L. Jayakumar	* 10	
3.	Mr. V. Narayanaswamy	* 10	
4.	Capt. D.S. Srinivasan	* 10	
5.	Mr. A.D. Sudhindra	* 10	
6.	Mr. S. Muthukrishnan	* 10	
7.	Mr. N. Sabapathi	* 10	
	Total	28,13,450	100.00

* - Beneficial interest of the said shares held by Dhanus Technologies Limited.

The financial highlights are given below:

Particulars	(Rs. in lakhs)	
	Year ended 30.6.2006 (Audited)	Year ended 30.6.2007 (Audited)
Sales & Services	-	102.75
Profit/(Loss) after Tax	-	23.68
Equity Share Capital	281.35	281.35
Reserves (excluding revaluation reserve)	-	23.68
Earnings per Equity Share (EPS) (Rs.)	-	0.84
Net Asset Value (NAV) per Equity Share (Rs.)	9.87	10.66
Networth	277.68	299.98

Source: Audited Financial Statements

Face Value of the Equity Share is Rs. 10/-.

The Company has been incorporated in October, 2005. Since the Company has commenced operations in FY 2006-07 only, no profit and loss account has been prepared for the previous year.

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There have been no related business transactions during the financial year 2006-07, except for investment by Dhanus Technologies Limited of Rs. 281.35 lakhs in the Equity Shares of Dhanus Global Medicare Ltd.

2. Dhanus Technologies, Inc.

Date of Incorporation : 20.7.2006

Nature of Activity : The Company is entitled to conduct any lawful business in the US. However, the Company's principal business activity, as defined by the Company, is to serve as principal holding company for all of Dhanus Technologies Limited's business activities in the USA and abroad.

Registered Office : 2711, Centerville Road
Suite 400, Wilmington
County of New Castle
Delaware, 19808
USA

Employer Identification No.: 98-0491744
Issued by the Department of Treasury, Internal Revenue Service (IRS), Philadelphia, USA

Identification No. : MAWAZ 20060434
Issued by the Reserve Bank of India, Foreign Exchange Department, Overseas Investment Division, Mumbai, India vide their letter no. FE.CO.OID.9211/19.04.215/2006-07 dated October 31, 2006.

Historical Information

Dhanus Technologies, Inc was incorporated on July 20, 2006 under the laws of the State of Delaware in the United States of America. It is a wholly owned subsidiary of Dhanus Technologies Limited. Dhanus Technologies, Inc is formed to support the activity of the Company i.e. to market the services and provide support to the implementation of the projects in their respective regions. Dhanus Technologies Limited has remitted an amount of Rs. 3,12,00,550/- (USD 7,05,000) as total consideration till date for fully paid non-assessable Equity shares of the face value of US\$ 0.01 per Equity Share of Dhanus Technologies, Inc through the RBI automatic approval route.

The wholly owned subsidiary has been set up under the Automatic Route for overseas direct investment, in terms of Notification No. FEMA 120/RB-2004 dated July 7, 2004.

Board of Directors

The Board of Directors of the Company is as follows:

Name	Designation
A.D. Sudhindra	Director

Shareholding Pattern as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1.	Dhanus Technologies Limited	2,90,90,000	100.00
	Total	2,90,90,000	100.00

The financial highlights are given below:

Particulars	(In USD)	
	Period ended 30.06.07 (Audited)	
Total Income	-	
Net Profit after tax	(88,427)	
Equity Share Capital	290,900	
Share Application Money pending allotment	415,000	
Reserves (excluding Revaluation Reserves)	-	
Earnings Per Share	-	
Net Asset Value (NAV) per Equity Share (USD)	0.02	
Networth	617,473	

Source: Audited Financial Statements

The Consolidated financial highlights are given below:

Particulars	(In USD)	
	Period ended 30.06.07 (Audited)	
Total Income	178,894	
Net Profit after tax	(655,782)	
Equity Share Capital	290,900	
Share Application Money pending allotment	415,000	
Reserves (excluding Revaluation Reserves)	-	
Earnings Per Share	-	
Net Asset Value (NAV) per Equity Share (USD)	0.002	

Networth	50,118
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Source: Audited Financial Statements

The Face Value of the Equity Share is US\$ 0.01.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company.

3. MPINGI, INC.

Date of Incorporation : 13.2.2006

Nature of Activity : The Company is entitled to conduct any lawful business in the US. However, the Company's principal business activity, as defined by the Company, is to provide communication services, broadband services, and broadband telephony services in the United States of America.

MPINGI is a phone service that uses the internet to route phone calls, eliminating the difference between a long distance call and a local one. MPINGI works on a technology called VoIP (Voice over Internet Protocol).

Registered Office : 2711, Centerville Road
Suite 400, Wilmington
County of New Castle
Delaware, 19808
USA

Employer Identification No.: 20-4708075
Issued by the Department of Treasury, Internal Revenue Service (IRS), Philadelphia, USA

Historical Information

MPINGI, Inc was incorporated on February 13, 2006 under the laws of the State of Delaware I the United States of America. It is a wholly owned subsidiary of Dhanus Technologies Inc, USA. MPINGI, Inc is formed to support the activity of the Company i.e. to market the services and provide support to the implementation of the projects in their respective regions. The face value of the Equity Share is US\$ 0.01.

Board of Directors

The Board of Directors of the Company is as follows:

Name	Designation
A.D. Sudhindra	Director

(As certified by Mpingi Inc.,)

Shareholding Pattern as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1.	Dhanus Technologies Inc,.	2,02,10,000	100.00
	Total	2,02,10,000	100.00

(As certified by Mpingi Inc.,)

The financial highlights are given below:

(In USD)

Particulars	Period ended 30.6.2007 (Audited)
Sales	178,894
Net Income after tax	(567,355)

Equity Share Capital	2,02,100
Reserves (excluding Revaluation Reserves)	-
Earnings Per Equity Share (USD)	-
Net Asset Value (NAV) per Equity Share (USD)	-
Networth	(365,255)

Source: Audited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company.

4. **Dhanus Agro & Chemicals**

Dhanus Agro & Chemicals was formed on June 18, 2003, and was registered on July 16, 2003 under Section 59 of the Indian Partnership Act, 1932. The principal business office of the firm is at No. 174, West Chitra Street, Srirangam, Tiruchirrapalli – 600 006. The principal activity of the firm is to engage in agriculture, farming, horticulture and all related agricultural activities.

Name of Partners

Sl.No.	Name of Partner	Ratio in Partners Capital Account
1.	Mr. N. Sabapathy	50,000
2.	Capt. D.S. Srinivasan	50,000
3.	Mr. V. Narayanaswamy	50,000
	TOTAL	1,50,000

The business of the partnership will be managed Mr. V. Narayanaswamy. The partnership firm shall not be taking any new partner without the consent of all the partners. Any of the above partners can retire from the firm by giving one-month notice of his intention and the others must settle his account on an agreed basis.

All the Partners are working partners and they are entitled to remuneration of Rs. 10,000/- per, month and bonus of one month salary. The salary may be reduced by the mutual consent of all the partners.

The financial highlights for the last 3 years are given below

Year ended March 31	(Rupees in lakhs)		
	2005-06	2004-05	2003-04
Partners' Capital	1.50	1.50	1.50
Income	39.17	18.23	14.77
Profit/(Loss) After Tax	0.61	0.40	0.24

Source: Audited Financial Statements

FINANCIAL INFORMATION REGARDING THE TRUSTS IN WHICH THE PROMOTER(S) ARE TRUSTEES

a. Gosamrekshana Trust

The above trust was registered as Public Charitable Trust on October 25, 1999 with the Sub-Registrar, Tiruchirrapalli and has its registered office at 174, West Chitra Street, Srirangam, Tiruchirrapalli – 620 006, Tamil Nadu.

Registration No.: 1354 of 1999.

Governing Body/Office Bearers:

1. Mr. K.V. Ganapathy Moorthy, *Managing Trustee*
2. Mr. V. Narayanaswamy, *Trustee*

The total corpus of the Trust as on March 31, 2006 was Rs. 2,07,000/-.

The main objectives of the trust as stated in the trust deed are:

- a. The amelioration of the condition of the animals mainly aged cows generally through out India and the prevention of cruelty to animals and to alleviate their suffering to the maximum possible extent.
- b. To bring immediate relief to all aged cows and maintain them at the ashram – Vittal Vihar.
- c. To do charity and philanthropic activities of all kinds.
- d. To help and work for the poor, needy and underprivileged.
- e. To inculcate and imbibe the invaluable traditions, culture, rituals, moral and social values of the past among people for their well being.
- f. To teach literary works in various languages and to conduct classes, conferences and congregation of scholars, poets and singers for the promotion of literature of such languages by all means.

Financial Results of Go Samrekshana Trust:

Particulars	(Rupees in lakhs)		
	2005-06	2004-05	2003-04
Total Income			
Excess of Income over Expenditure	8,20,837.27	6.31	6.35
Corpus	(595.36)	(0.12)	(0.09)

Source: Audited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Trust.

Related Business Transactions:

There have been no related business transactions during the year 2006-07.

Details Of Companies/Firms From Which Promoters Have Disassociated

During the last three years, the Company's Promoters have not disassociated themselves from any Company/partnership firm except as mentioned hereunder:

The Promoters Mr. A.D. Sudhindra, Mr. V. Narayanaswamy and Capt. D.S. Srinivasan became shareholders of Sree Sella Infrastructure & Projects Limited (referred to as "Sree Sella" hereafter), in their individual capacity, by way of allotment of 11 lakh Equity Shares each to each of the three Promoters. The Promoters took the allotment offered to them by Sree Sella purely as an investment. The Promoters have neither been Directors in Sree Sella nor have they had any management control of the said company. The allotment of Shares were made to the Promoters on March 30, 2007. All the three Promoters have since divested their entire shareholding by selling off the above shares on July 6, 2007, as the Promoters felt the need and desire to exclusively focus on the ongoing business and expansion plans in Dhanus Technologies Limited and its subsidiary companies in India and the US; and also in view of the fact that there was no synergy in business profile and operations between Dhanus and Sree Sella.

Dhanus Technologies however had entered into a MOU on 1.6.2006 with Mr. T. Ranganathan who was the Managing Director of Sree Sella Infrastructure & Projects Ltd. The same is the subject matter of dispute, details of which have been mentioned in detail under the head "Outstanding Litigations and defaults" at page no.261 of the Red Herring Prospectus.

Details Of Group Companies Whose Names Have Been Struck Off From RoCs

None of the Companies promoted by the Promoters has been struck off as a defunct Company by any ROC in India. There are no sick companies promoted by the Promoters. There are no BIFR proceedings against any company promoted by the Company's Promoters.

Common Pursuits

There are no companies/firms/ventures, which are/have been in similar business as Dhanus.

Changes in Accounting Policies in The Last Three Years

There has been no change in the Accounting Policies of the Company in the last three years.

iii. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of the Company's financial condition and results of operations together with its audited financial statements for each of the fiscal years of 2003, 2004, 2005, 2006 and 2007, which have been prepared according to the Indian GAAP including the schedules, annexures and notes thereto and the reports thereon, which appear in the Red Herring Prospectus beginning from page nos.171. These have been reclassified in certain respects for purposes of presentation.

The Company's fiscal year ends on 30 June every year. Therefore, all references to a particular FY are to the twelve-month period ended on 30 June of that year.

The following is the management's discussion of the financial conditions and results of operations together with the audited financial statement for each of the fiscal years ended June 30, 2003, 2004, 2005, 2006 and 2007 including the notes thereto and the reports thereon in the section titled "Financial Information" beginning from page no.171 of this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act.

The fiscal year ends on June 30 of each year, so all references to a particular fiscal year are to the twelve-month period ended June 30 of that year.

OVERVIEW OF THE BUSINESS

Dhanus intends capitalizing on the growing opportunity in the Telecom Space, as the Government of India has already laid down in its FDI policy on Telecom Sector that in basic cellular mobile, paging and Value added service and Global Mobile Personal Communications by Satellite, FDI limit has been fixed at 49% (automatic route) subject to grant of license from department of Telecommunications and adherence to the license conditions by investee companies.

Dhanus was incorporated in 1993 and commenced business in 1996 in the field of telecom based services and software and has been successful in catering to its industry segment. In 2000, the Company inducted fresh share holders and became a public limited company.

The Company launched its World's Prepaid Calling Cards product in June, 2004 and since then has been very successful in building up an extensive network of dealers, agencies and direct marketing associates across India, South East Asia and West Asia.

The Company is managed by an experienced group of entrepreneurs who are professionals and have had considerable experience in management of companies.

Dhanus has been offering Global Prepaid Calling Cards in various markets in India and abroad. Dhanus has obtained the wireless license for launching FleeTrac services aimed at the Indian Logistics Segment.

Dhanus is a 14 year old company selling value added telecommunications services and telecom software.

The Company's main products are:

1. **V-Tel Global Calling Cards.** Offered to Indians travelling abroad, the cards work in over 210 countries and allow web based viewing of CDRs, recharged by credit card. The cards work with both Mobile and Landline phones and in addition offers:
 - a. V-Tel IP Phones: The user of the V-Tel Cards can use the cards over an IP phone for making and receiving international calls.
 - b. Web-based calling: The user can initiate calls over the web interface and completely side step blocking of 800 numbers in Hotel and Mobile networks.
 - c. SMS-based call back: Where legal, the card user can initiate a connection to any number by sending an SMS to V-Tel switch.
 - d. Web based Call back: Where legal, the card user can initiate a connection to his landline/mobile phone with any number by sending an SMS.

2. **CellIndia Mobile Phone Services:** This service is aimed at the large number of foreign visitors and provides a cost effective and permanent mobile phone service to the users. The company has tied up with major telecom companies to provide the underlying service.
3. **FleeTrac Services:** These services are aimed at:
 - a. Fleet operators
 - b. Taxi Cab Operators
 - c. Vehicle Insurance Companies and Vehicle owners

Market Scenario - Prepaid Cards

The Company's primary market is comprised of:

- a) Indians travelling abroad for business and pleasure.
- b) Indians living and working abroad.
- c) Local residents in foreign countries.
- d) International Wholesale Prepaid Card dealers

FleeTrac Services

The Company has been developing GPS based FleeTrac services for the past two years and has spent considerable amount of research and development efforts in this direction.

With the introduction of FleeTrac services, the Company expects to accelerate its business.

Market

GPS based vehicle location systems are not new – they have been around for quite some time. In Indian conditions the approach adopted by the manufacturers and sellers have not yielded any significant results as the price for the GPS Units, software, Mapping Software, GSM Costs and monthly maintenance proved too much for most of the target market.

The Company examined and analysed the reasons carefully and has come out with a service that address the needs of the market rather than the needs of the suppliers. Instead of a huge front-loaded cost, the Company's FleeTrac services provide no entry barriers to the user as regards costs. In fact it is cheaper to subscribe to FleeTrac services than use a mobile phone. The Indian trucking market is large and is growing ever larger and the Company is aiming at a very tiny portion of the market to show profitable growth.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL STATEMENT

The last financial year of the Company ended on June 30, 2007. The Directors of the Company confirm that in their opinion, no significant developments have taken place since the date of the last financial statement as disclosed in the Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Recent Developments: Pre-IPO Placements

The Company completed placement of 3,65,000 Equity Shares (the "Pre-IPO Placements") to certain Foreign Institutional Investor, Body Corporate and resident High Net worth Individuals on August 8, 2007. Gross proceeds from the Pre-IPO Placements equaled Rs. 1091.25 lakhs. For the use of proceeds of the Pre-IPO Placements, see the section titled "Objects of the Issue" beginning on page 34 of this Red Herring Prospectus.

The roadmap of the Company, in brief, is as mentioned herein below:

The Company has decided to acquire land and construct a Corporate Office thereon to house a Network Operating Centre, ITES/BPO operations, and a Secure data center at Chennai.

The Company intends equipping the centre with the latest equipments to facilitate an aggressive growth in all its business segments, be it Telecards, ITES/BPO Operations or Telematics services. The Company intends purchasing equipments for its Network Operating Centre for expansion and improvement of its ITES/BPO and FleeTrac services infrastructure; equipments for software programmers, calling agents, and the management team for BPO services; and equipments for FleeTrac services. The Company also intends setting up countrywide network of offices in the Metros, A class cities, and B class cities for Marketing, Client Support and network Support in various geographical regions in the country.

FACTORS THAT MAY AFFECT THE BUSINESS OPERATIONS

As a Telecommunications services and ITES company, the business operations of Dhanus will be affected by the following Internal and External factors:

General economic and business conditions:

The demand for the Company's products and services is dependent on general economic conditions in India and, may be affected if there are changes in business conditions in the country. In the era of globalization and cut-throat competition, the Indian Industry faces various hurdles and challenges, which typically depend upon the following variables:

a. Demand:

- Global epidemic outbreak like avian influenza; or Outbreak of widespread hostilities in Middle East, Europe or Far East could affect global travel and consequently the sales of the global calling cards.
- Global weather catastrophe or terrorist attacks could cause temporary disruption on global travel and therefore a temporary slump in demand for the Company's global calling cards.
- Any changes in the US, Canada, European or Australian regulations preventing telemarketing or outsourcing of telemarketing services could affect the Company's ITES business demand.
- Drastic change in the mode of transportation of goods and people in the country from land-based to Sea, Inland waterways and Air-based means could affect the demand of the telematics services.
- Nuclear conflict with neighbouring countries or large-scale outbreak of hostilities in India could affect the demand for telematics services.
- Severe economic recession in India could affect the demand for telematics services.

b. Competition:

- Serious competition can emerge from multinational MSO's like Sprint and British Telecom, if they enter into Indian market and drastically cut their price with intent to undercut the Company's business.

c. Equipments/services:

- Any global consolidation of the basic service providers of various countries into a few monopolistic global giants and formation of international cartel by them can potentially affect the present competitive global rates thereby increasing the Company's basic communication charges and termination contracts affecting profitability.
- Even though the Company has multiple sources spread across different continents, for its telematic product and services any disruption in the basic chip and PCB production in the Far East can potentially disrupt its supply chain.
- Disruption in Global Positioning Satellite service can disrupt its telematic service.

d. Labour:

- Intense competition in hiring and retention of skilled manpower could increase Company's manpower costs.
- Unionisation of labour in IT and ITES industry can affect productivity.

e. Cost of funds:

- The present hardening of interest rates will increase the cost of funds to the Company.

Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting its operations include:

1. Fluctuation and increase in manpower costs.
2. New competitive businesses.
3. Government Regulations and Policies.
4. Any slow down in the economic growth.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled "Risk Factors" beginning on page ix, and the section titled "Business Overview" on page 106 of this Red Herring Prospectus.

CRITICAL ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of the accounting policies are particularly important to the portrayal of the financial position and results of operations and require the application of assumptions and estimates of the management. For further details please refer to the section titled "Financial Statements—Significant Accounting Policies and Notes to accounts" beginning from page nos. 182 and 184 respectively of this Red Herring Prospectus. Some of the important accounting policies are as under.

a. Basis of Preparation of Financial Statement

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles ("GAAP"), the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis.

The preparation of the financial statements in conformity with Indian GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

b. Fixed Assets.

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowing(s) attributable to fixed assets as per AS-16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India.

c. Foreign Currency Transactions

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

d. Revenue recognition.

Revenue is recognized based on the terms of contracts and passing of title wherever necessary. With respect to Calling Cards, Sales are recognized on despatch of goods to customers. BPO revenues are recognized on completion of services and billed.

e. Retirement Benefits.

The Company has a scheme of provident fund for its employees, registered with the Regional Provident Fund Commissioner, Chennai. The Company's contributions to provident fund are



charged to the Profit and Loss Account. The Company also has a scheme of employees' state insurance for its employees, registered with the Employees State Insurance Corporation, Chennai.

f. Research and Development.

Research and Development expenditure on the proposed communications and telematics projects is accumulated for writing off in future years. Research and Development expenditure incurred during the year on software development, product development, product testing etc., is charged to revenue.

COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF DHANUS FOR THE PAST THREE YEARS IS AS FOLLOWS:

(Rs. in lakhs)

PARTICULARS	For the Year Ended
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COMPARISON OF FY 2007 WITH FY 2006 – REASONS FOR VARIANCE

Income from Sale of Software Products/ Services

The income from sale of Software products and services has showed a significant increase of 269% in financial year ended 2007, i.e., from Rs. 854.41 lakhs in financial year 2006 to Rs. 3,152.63 lakhs in financial year ended 2007. The major contributing factor for this increase is that the Company has carried out several software development and communication products during the fiscal 2007. The Company received several new orders by appointing new software business development teams as the network products launched during the previous fiscal was quite successful.

The Company has added the following Software products in its product profile:

- a) SIP Protocol based Softswitch with automatic call distribution
- b) Predictive Dialler with skills and cost based routing
- c) J2ME based address book integration to softswitch of the S60 and S40 handsets (Symbian OS)
- d) CRM for order fulfilment and Inventory Management for service based organisations.

Income from Sale of Telecard Services

The income from Telecard services showed an increase of 117% i.e., from Rs. 2313.86 lakhs in financial year ended 2006 to Rs. 5031.62 lakhs in financial year ended 2007, which contributes 56% of total income in FY 2007. This increase was due to the marketing of telecards to several multinational companies and travel agents. Further to above, the general increase in tourist transit to all over the world enhanced the sales. Another reason for achieving the above sales is that the telecards are cost effective and can be used in more than 210 countries all over the world.

Income from BPO Services

In its second year of operation BPO services has shown a growth of 98% i.e., from Rs. 425.29 lakhs in financial year ended 2006 to Rs. 841.63 lakhs in financial year ended 2007. This was due to taking up more campaigns with improved margin and effective utilisation of agents and seats. Also the Company has outsourced some of the campaigns to augment its sales turnover that has resulted in such impressive increase in the income from BPO Services.

Income from FleeTrac services

The Company has started providing FleeTrac services to customers in small size during the last quarter of the financial year 2007 as a pilot launch / test.

Total Income

The total income of the Company has increased by 151% i.e., from Rs. 3593.56 lakhs in the financial year 2006 to Rs. 9046.57 lakhs in the financial year ended 2007. The growth in total income is due to significant increase in volume of business across all the business segments viz., Software products & Services, Telecard Services and BPO services.

Software Development & Maintenance

The software development and maintenance cost has increased from Rs. 141.54 lakhs in the financial year 2006 to Rs. 928.57 lakhs in financial year 2007. The Company has employed hi-tech software development team, network testing tools and communication products to develop communication and network products.

Expenses for Telecard Services

The total expenses for telecard services has increased by 127% i.e., from Rs. 1319.54 lakhs in FY 2006 to Rs. 3001.86 lakhs in FY 2007. However, the percentage of expenses for telecard services to total income has come down to 33.18% in FY 2007 from 36.72% in FY 2006 due to increase in total income and high volume benefits in purchase of pins and minutes.

Internet Charges

The Internet charges of Rs. 64.05 lakhs in FY 2007 has shown an increase of 107% as compared to Rs. 30.95 lakhs in FY 2006.

Research & Development Expenses

The research & development expenses has increased from Rs 87.49 lakhs in the financial year ended 2006 to Rs. 563.42 lakhs in the financial year on account of taking up research work in new areas like mobility solution for logistics, supply chain management, GIS development etc. in addition to software development, product development and product testing.

Staff Cost

The employee cost has increased by 171% i.e., from Rs. 164.52 lakhs in financial year ended 2006 to Rs. 446.31 lakhs in financial year ended 2007. This is due to recruitment of highly skilled and qualified IT, software professionals and professional managers in various disciplines to manage the high volume of projected sales in future years. As the business activities in all business segments have gone up, accordingly the Company has deployed more personnel which resulted in increase in staff cost.

Outsourcing cost

The outsourcing cost has increased from Rs. 65.43 lakhs in the financial year ended 2006 to Rs. 183.42 lakhs in the financial year ended 2007. This is mainly due to outsourcing of staffs with high skill set for the Company's BPO operations and training.

Administrative and Other Expenses

The Administrative and other expenses have gone up to Rs. 444.10 lakhs in financial year ended 2007 as against Rs. 146.46 lakhs in the previous financial year ended 2006. This increase is mainly attributable to higher marketing and advertisement expenses for the products and the general increase in all other overheads.

Interest and Financial Charges

Interest as a percentage of total income, has decreased from 0.42% in the fiscal 2006 to 0.23% in the fiscal 2007. However, in absolute terms, the interest costs have gone up from Rs. 14.95 lakhs in the fiscal 2006 to Rs. 20.66 lakhs in the fiscal 2007. This is mainly due to utilisation of Cash Credit limits.

Depreciation

Depreciation, as a percentage of total income, has decreased from 5.46% in fiscal 2006 to 4.91% in fiscal 2007. However, in absolute terms, the depreciation costs have gone up from Rs. 196.13 lakhs in fiscal 2006 to Rs. 444.50 lakhs in fiscal 2007. This is due to addition of capital assets during the fiscal 2007 especially FleeTrac devices, fleeTrac communication software and significant additions to other assets.

Profit Before Tax & Extraordinary items.

The profit before tax has increased by 106.8% i.e., from Rs. 1,426.54 lakhs in the financial year 2006 to Rs. 2,949.68 lakhs in the financial year 2007. This is mainly due to increase in income in all the business segments with significant increase in software products and services income.

Profit After Tax & Extraordinary items

The profit after tax increased from Rs. 1309.31 lakhs in the fiscal 2006 to Rs. 2459.22 lakhs in the fiscal 2007, which is 94.7% as compared to previous year.

COMPARISON OF FY 2006 WITH FY 2005 – REASONS FOR VARIANCE

Income from Sale of Software Products/ Services

The income from Software products and services viz., communication and network software , which accounted for 25% of the total income in financial year ended 2005, showed significant increase of 79% in financial year ended 2006 vis-à-vis the previous year, i.e., from Rs. 477.14 lakhs in financial year 2005 to Rs. 854.41 lakhs in financial year 2006. During the year, the Company has carried out software development and services in communication software and network products. By appointing new marketing agents in USA, the Company is able to cover larger area in software product development and also received new orders. The Company has developed the following products during the fiscal 2006.

1. A Technical Help Desk Product for managing Customer Service for Technical Products.
2. A Complete Web-based Third Party Warranty Management Product.
3. A Custom software applications in Lead Tracking and IVR-based Lead Capture and Management areas.
4. Message Handling and Soft-Switch billing product.

Income from Sale of Telecards Services

The income from Telecards services showed increase of 63% i.e., from Rs. 1415.97 lakhs in financial year ended 2005 to Rs. 2313.86 lakhs in financial year ended 2006. This was due to the fact that during the year 2005, the area of coverage was only within South India. But during the year 2006, the Company appointed commission/marketing agents and covered the Northern and Western parts of India. Further the revenue has gone up on account of increase in Tourist transit to all parts of the world.

Income from BPO Services

The Company started the operation of Business Process Outsourcing and call center for the first time during the financial year 2005-06 and achieved a turn over of Rs. 425.29 lakhs i.e., nearly 12% of the total income. The Company is planning to acquire additional space and intends to add as many agents as possible depending upon the space available during the forthcoming year. The IT and ITeS market outlook continues to be very promising and the Company envisages healthy growth in this segment.

Total Income

The Company registered an increase of around 90% in its total income for the financial year ended 2006 as compared to the previous year, on account of the New segment business of BPO and significant growth in revenues in respect of V-tel cards and communication software and network products and services. The total income of the company was Rs. 3593.56 lakhs in financial year 2006 as compared to Rs. 1893.11 lakhs in the previous year ended 2005.

Software Development & Maintenance

The software development and maintenance cost has increased from Rs.93.81 lakhs in fiscal 2005 to Rs. 141.54 lakhs in fiscal 2006. The software development cost has increased by around 51% in fiscal 2006 as compared to fiscal 2005. This is due to the increased value additions on the software products and communication and network products.

Expenses for Telecards Services

The total expenses for Telecard Services has increased by around 49% i.e., Rs. 1319.54 lakhs in fiscal 2006 as compared to Rs. 884.88 lakhs in fiscal 2005. This was due to the development of a GPS based Tracking Service with inbuilt GSM/CDMA wireless communication units (FleeTrac™). The web interface is available in Hindi, Marathi, Gujarati, Punjabi, Bengali, Telugu, Tamil, Kannada, and Malayalam. Fleet managers get a powerful Fleet ERP to manage, direct, control, and maximize their fleet operational efficiencies. It also allows driver-based voice and text communications. The Company has also developed the following products during the fiscal 2006.

- 1 A Technical Help Desk Product for managing Customer Service for Technical Products.
- 2 A Complete Web-Based Third Party Warranty Management Product.

- 3 A Custom software application in Lead Tracking and IVR Base Lead Capture and Management areas.
- 4 Message Handling and Soft-Switch billing product.

The Fleet Tracking System can enhance the productivity as well as curb expenses by measuring and managing the logistics related key entities like vehicle driver and route management. Fleet management along with Telematic inputs results in substantial savings in terms of finance and productive time. Almost real time monitoring of Vehicle movement helps to ensure complete safety to the goods-truck during transit. The solution helps in scheduling the dispatch, job and vehicle allocation. Dispatch management and route planning for smoother logistics management and higher customer service. This system helps a close watch on Driver behaviour thus increasing the productivity, safety and environment aspects of the goods/cargo that would be carried on the trucks.

However the overall cost of the product Telecard Services has come down to 36.72% of total income in fiscal 2006 as compared to 46.74% in fiscal 2005 due to increase in total income.

Internet Charges

The internet charges showed an increase of around 38% in fiscal 2006 as compared to the previous year ended 2005. The internet charges cost has increased to Rs. 30.95 lakhs in fiscal 2006 from Rs. 22.36 lakhs in fiscal 2005. However the overall cost in internet charges has come down to 0.86% of total income in fiscal 2006, as compared to 1.18% in fiscal 2005 due to increase in total income.

Research & Development Expenses

The research and development expenses showed an increase of around 34% in fiscal 2006 as compared to the previous year ended 2005. The research and development cost has increased to Rs. 87.49 lakhs in fiscal 2006 from Rs. 65.30 lakhs in fiscal 2005. However, the overall cost in R & D has come down to 2.43% of total income in fiscal 2006, as compared to 3.45% in fiscal 2005 due to increase in total income.

Staff Cost

The Personnel expenses as a percentage to total income decreased from 4.78% in fiscal 2005 to 4.58% in fiscal 2006. Overall, the staff cost has gone up to Rs. 164.52 lakhs in fiscal 2006 as against Rs. 90.40 lakhs in fiscal 2005. This is due to addition of highly qualified IT and technical professionals, software programming resources, research and development professionals, qualified managerial team to look after the dealers appointed in entire South India and cost incurred in paying the recruitment consultant agencies for hiring the above said professionals.

Outsourcing Cost

The outsourcing cost as a percentage of total income increased from 1.22% in fiscal 2005 to 1.82% in fiscal 2006. Overall, the outsourcing costs have gone up to Rs. 65.43 lakhs in fiscal 2006 as against Rs.23.03 lakhs in fiscal 2005. This is mainly due to appointment of staff for the new business activities viz., BPO division.

Administrative and Other Expenses

The Administrative and other expenses, as a percentage to total income, have decreased from 5.82% in fiscal 2005 to 4.07% in fiscal 2006. However, in absolute terms, the administrative and other expenses have gone up to Rs. 146.46 lakhs in the fiscal 2006 as against Rs. 110.23 lakhs in the previous fiscal. This is owing to the significant increase in the volume of business and inception of new business like BPO and ITeS related business. The Company also opened three new offices during the year 2006 measuring to 8,250 sq.ft (approx) which has accommodated the enhanced marketing and selling activities. This has resulted in increase of administrative and other expenses.

Interest and financial charges

Interest cost has increased to Rs.14.95 lakhs in fiscal 2006 as compared to Rs.2.33 lakhs in fiscal 2005. The interest cost, as a percentage to total income, have significantly increased from 0.12%

in fiscal 2005 to 0.42% in fiscal 2006. This is because of the increase in secured loans during the fiscal 2006. This secured loan is utilized exclusively for the BPO division only.

Depreciation

The depreciation, as a percentage to total income, has decreased from 6.11% in fiscal 2005 to 5.46% in fiscal 2006. However, on a year-to-year comparison, the depreciation has increased by 69%, i.e., due to increase in fixed assets in fiscal 2006.

Profit Before Tax & Extra-ordinary items

The profit before tax increased significantly by over 194% during the fiscal 2006 in comparison to the fiscal 2005 on account of introduction of new business segments like BPO and ITes related business and also in increase in volume of existing business in the fiscal 2006.

Profit After Tax & Extraordinary items

The profit after tax increased by over 180% during the fiscal 2006 in comparison to the fiscal 2005. This was on account of increased revenue in fiscal 2006 as compared to the previous year.

COMPARISON OF FY 2005 WITH FY 2004 – REASONS FOR VARIANCE

Income from Sale of Software Products/ Services

The Company started the operation of Software Products and services for the first time in the fiscal 2005 and achieved a turnover of Rs.477.14 lakhs. The income from software products and services accounts for 25.2% of the total income during the financial year ended 2005.

Income from Sale of Telecard Service

The income from telecard services showed increase of over 894%, i.e., from Rs. 142.42 lakhs in fiscal 2004 to Rs. 1415.97 lakhs in fiscal 2005. This is on account of increase in migration of Indian tourists to the overseas markets during the fiscal 2005.

Total Income

The Company registered an increase of over 1229% in its total income for the Fiscal 2005 as compared to the previous year on account of major growth in turnover of telecard services and the induction of new business software products and services during the fiscal 2005. The total Income of the Company was Rs. 1893.11 lakhs in fiscal 2005 as compared to Rs. 142.42 lakhs in fiscal 2004.

Software Development & Maintenance

The total software development and maintenance cost increased from Rs. 26.75 lakhs in the fiscal 2004 to Rs. 93.81 lakhs in fiscal 2005. The software development and maintenance cost increased mainly on account of employment of software personnel for the development of software and software related business during the fiscal 2005. The software development and maintenance cost, as a percentage of total income, decreased from 18.78% in fiscal 2004 to 4.96% in fiscal 2005.

Expenses for Telecard Services

The total expenses for telecard services has increased from Rs. 26.62 lakhs in the fiscal 2004 to Rs. 884.88 lakhs in fiscal 2005. In the fiscal 2005, the expenses for telecard services have increased due to the increase in sales of telecards. The expenses for telecard service as a percentage of total income, has increased from 18.69% in fiscal year 2004 to 46.74% in fiscal year 2005.

Internet Charges

The internet charges showed an increase of over 42% in fiscal 2005 as compared to the previous year ended 2004. The internet charges cost has increased to Rs. 22.36 lakhs in fiscal 2005 from Rs. 15.78 lakhs in fiscal 2004. However the overall cost in internet charges has come down to

1.18% of total income in fiscal 2005 as compared to 11.08% in fiscal 2004 due to increase total income.

Research & Development Expenses

The research and development expenses amounts to Rs.65.30 lakhs in fiscal year 2005 as the Company incurred the R&D expenses during the year on software development, product development and product testing. The research and development expenses, as a percentage of total income, accounts to 3.45% in fiscal 2005.

Staff Expenses

The personnel expenses, as a percentage to total income, decreased from 12.67% in fiscal 2004 to 4.78% in fiscal 2005. In absolute terms, the staff costs have gone up to Rs. 90.40 lakhs in the fiscal 2005 as against Rs. 18.05 lakhs in the previous fiscal. This is due to the induction of R&D professionals and software development and maintenance engineers during the fiscal 2005.

Outsourcing Cost

The outsourcing cost expenses accounts to Rs. 23.03 Lakhs in fiscal 2005 as the Company incurred the outsourcing costs due to the inception of new business segment viz., software products and services activities. The outsourcing cost expenses, as a percentage of total income, accounts to 1.22% in fiscal 2005.

Administrative and Other Expenses

The Administrative and other expenses, as a percentage of total income, have decreased from 21.40% in fiscal 2004 to 5.82% in fiscal 2005. However, in absolute terms, the administrative and other expenses have gone up to Rs. 110.23 lakhs in the fiscal 2005 as against Rs. 30.47 lakhs in the previous fiscal. This is because of the significant increase in the volume of business and its related activities.

Interest & Financial Charges

Interest as a percentage to total income, have significantly decreased from 0.80% in fiscal 2004 to 0.12% in fiscal 2005. However, in absolute terms, the interest costs have gone up from Rs. 1.14 lakhs in the fiscal 2004 to Rs. 2.33 lakhs in fiscal 2005. This is because of the increase in secured loans during the fiscal 2005.

Depreciation

Depreciation, as a percentage of total income, has decreased from 6.40% in fiscal 2004 to 6.11% in fiscal 2005. However, in absolute terms, the depreciation costs have gone up from Rs. 9.12 lakhs in the fiscal 2004 to Rs. 115.75 lakhs in fiscal 2005. This is because of the increase in acquisitions of capital assets in fiscal year 2005.

Profit Before Tax & Extraordinary items

The profit before tax increased significantly by 3250.00% during the fiscal 2005 in comparison to the fiscal 2004 on account of induction of software development and services businesses and major increase in sales of telecard services in fiscal year 2005.

Profit After Tax & Extraordinary items

The profit after tax increased by 4405% during the fiscal 2005 in comparison to the fiscal 2004 on account of increased revenue in the fiscal 2005 as compared to the previous year.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5(A) OF SEBI (DIP) GUIDELINES LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

The Company depends on both internal and external sources of liquidity to fund working capital and capital expenditure. The Company has traditionally funded the working capital requirements and capital expenditures from internally generated funds, unsecured loans and debt financing. In respect of the debt funding of working capital, the Company uses cash credit limits from UCO Bank, whereas for project or capital expenditure, the Company has entered into long term borrowings in the form of term loans/unsecured loans which have been in Rupees.

DIVIDEND

The Company has declared dividend during the last three fiscal years as per details below:

Financial Year	Rate of Dividend	Dividend Amount (Lakhs)
2004-05	10%	27.28
2005-06	10%	90.42
2006-07	15%	206.14

i) Unusual or infrequent events or transactions

There have been no unusual or infrequent transactions that have taken place during the last three years.

ii) Significant economic changes that materially affected or are likely to affect income from continuing operations

There has been no significant economic change that materially affected or is likely to affect income from continuing operations.

iii) Known Trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Except as described in this Red Herring Prospectus in general and the section titled "Risk factors" and "Management Discussion and Analysis of Financial Conditions and Results of Operations", in particular; to the Company's knowledge, there are no avenues or known trends or uncertainties that have or had or are expected to have any material adverse impact on revenues or income of the Company from continuing operations.

iv) Future Changes in relationship between costs and revenues

The changes in the technology and communication and manpower cost have a significant bearing on the revenues on the Company since the Company is in the service sector.

v) Extent to which material increases in revenues are due to increased volumes, introduction of new projects

Increases in revenue are by and large linked to increase in volume of business activity carried out by the Company. The Company registered an increase of 151% in the total income for the Financial Year 2007 as compared to the previous year on account of increase in revenues in respect of V-tel Global Calling Cards, software products and services and BPO services. The total income of the Company was Rs. 9046.57 lakhs as compared to Rs. 3593.56 lakhs in the previous year.

vi) Total revenue of the industry segment in the which the Company operates

The Company is engaged in four segments viz., the Software Products and Services, Telecard Services, Business Process Outsourcing services and FleeTrac services. The total revenue from sale of software products and services, telecard services, BPO services and FleeTrac services were Rs. 3152.63 lakhs, 5031.62 lakhs, 841.63 lakhs and 11.84 lakhs respectively for the financial year 2007.

vii) Status of any publicly announced new products or business segment.

- Dhanus Technologies Ltd launched a VOIP based phone service for the Indian diaspora in the US on August 15, 2006, the Indian Independence day, through its group company (MPINGI Inc., being a wholly owned subsidiary of Dhanus Technology Inc.). The service has been well received and the business is presently being expanded to other countries such as Canada, UK and Australia.
- Dhanus is one of the foremost companies to be granted the DOT license for providing vehicle-tracking service in India. The service is fully ready and operational. The marketing activities for the service have been started from the Company's Delhi office.

viii) The extent to which the business is seasonal

The Company's business segments are not of seasonal nature.

ix) Any significant dependence on a single or few suppliers or customers

The Company sources the materials from a number of suppliers and is not under threat from excessive dependence on any single or few suppliers. Also for all their business segments, in-house software development and in-house activities are sufficiently in place. The external threat of excessive dependence is minimized because of more in house development and activities and also the Company is a service industry.

x) Competitive Conditions

- In the Calling Card segment, Dhanus is one of the leading companies offering the widest network of countries. The attention of Basic telecom providing giants is concentrated on increasing their respective market share in mobile fixed subscriptions and not on the global travelling market.
- Dhanus has a virgin market with tremendous potential in the telematics market. Being one of the first of the block in obtaining DOT license for the service is an added advantage for the Company. The Company's strong fundamentals with the triad of telematics: software platform, communication platform and logistic solutions platform makes it uniquely positioned to tackle any competition. It also helps the Company mitigate its risk as an enterprise.
- In the VOIP based phone service for the Indian diaspora in the US market, Dhanus' main competitor is Vonage. However Dhanus being an Indian company, it understands the Indian diaspora and its needs better and has tailored its services to suit their requirements.
- Growing competitive markets and the increasing demand for cost savings have made U.S. businesses more amenable to consider BPO solutions that utilize strategic offshore resources. Although BPO firms still must convince their clients that the service provided from offshore will meet the quality level expectation without exposing the client to unnecessary risks; an increasing percentage of BPO work is being done from offshore locations that are able to meet the quality requirements, at measurably lower costs.
- Many of the other BPO industry giants have already established offshore service centres to manage some of their work. However, many companies lack the wherewithal to establish an offshore presence with the required assurance of continued quality. Many of these companies have recognized the need to establish alliances with BPO providers and have reached a decision to explore the potential of using reliable offshore service providers.

SECTION VI

LEGAL AND OTHER INFORMATION

i. OUTSTANDING LITIGATIONS AND DEFAULTS

Litigations involving the Company

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.)

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims 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 or inquires proceedings or tax liabilities, overdue to banks/financial institutions, defaults against banks/financial institutions, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its subsidiaries or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the customs, sales tax, income tax and service tax save and except the following.

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.

AGAINST THE COMPANY

a. The Company has received the following notice from third parties:

Sl. No.	Description	Current Status
Legal Notice: 23.11.2006 Parties: Enhanced Customer Care Private Limited (ECC), Enhancement Technologies Private Ltd. & Mr. Ram V. Mani V/s Dhanus Technologies Ltd., Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan	Legal Notice dated 23.9.2006 was sent by Enhanced Customer Care Private Limited (ECC), Enhancement Technologies Private Ltd. and Mr. Ram V. Mani through their Advocates to Dhanus Technologies Ltd., Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, and Capt. D.S. Srinivasan, Directors of Dhanus accusing failure to comply with the terms of the MOU dated 4.8.2005 entered into between ECC & Dhanus. The Notice called upon Dhanus and its Directors to pay a sum of Rs. 3.65 crores, furnish share certificates for 7,90,870 equity shares of Dhanus and settle the claim of bank loan amounting to Rs. 1.90 crores. Dhanus and its Directors, through their Advocate, have vide their reply dated 27.9.2006 denied all the allegations in the above Notice, and have in turn accused Mr. Mani of having committed breach by mis-representation of shareholding of ECC, and also seeking refund of amounts paid	The Company sent a reply to the notice on 11.10.2006 denying all claims of ECC. Further, a Memorandum of Caveat Petition u/s 148-A and order 52 C.P.C has been filed by the Director of Dhanus before the Hon'ble High Court at Madras on 28.11.2006. There has been no further development in this regard.

	wrongfully by Dhanus to various parties on account of mis-representation by Mr. Mani.	
<p>Legal Notice: 14.12.2006</p> <p>Served by: Batliboi Limited & Nirmal Bhogilal</p> <p>On: Dhanus Technologies Limited</p>	<p>Dhanus had signed an MoU on 16.9.2006 with Batliboi Ltd. & Mr. Nirmal Bhogilal (both called Sellers), Mumbai. As per the MOU, the seller intended to sell the shares of Batliboi Environmental Engineering Limited (BEEL) and Dhanus intended to buy the said shares for a value of Rs. 11.50 crores. In addition to the purchase consideration, Dhanus would repay to the sellers the loan of Rs. 6.50 crores classified as sundry creditors in the books of Batliboi. In terms of the MOU, Dhanus would conduct a due diligence which will last upto 30 days and the sellers would provide access to all information pertaining to financial, commercial, environmental, legal, insurance relating to the business. Dhanus would pay a sum of Rs. 10 crores on or before 10.10.2006 and Rs. 8 crores on or before 15.12.2006. The MOU was valid upto 15.12.2006. All disputes arising out of or in connection with the MOU was to be finally settled under the provisions of the Arbitration and Conciliation Act, 1996.</p> <p>Dhanus received a Legal notice dated 14.12.2006 from Batliboi and Nirmal Bhogilal calling upon Dhanus to pay Rs. 18 crores (Rs. 11.5 crores towards purchase consideration of 100% Equity of BEEL and Rs. 6.5 crores towards repayment of loan of sellers) within seven days of receipt of the notice and fulfil other obligations as agreed in the MOU. Dhanus vide its letters dated 20.12.2006 and 28.12.2006 denied the allegations and stated that the MOU dated 16.9.2006 had lapsed on 15.12.2006 as its currency had not been extended by mutual agreement by either party and that Batliboi and Nirmal Bhogilal had not adhered to the covenants stated in the said MOU.</p> <p>The Company received a further legal notice dated 11.7.2007 from Batliboi and Nirmal Bhogilal invoking arbitration under Clause 15 of the MOU, and nominating an arbitrator on their behalf and calling upon Dhanus to nominate and appoint an arbitrator on its behalf within 15 days from the receipt of the said notice.</p>	<p>Dhanus vide its letter dated 19.7.2007 through its advocate have reiterated that the MOU was not a concluded contract and that it was not acted upon by the parties and had been allowed to lapse. Dhanus has claimed that there does not exist an arbitrable dispute for reference and that the agreement had lapsed. Dhanus had also stated that a detailed reply would be sent within 10 days of the above letter of Dhanus.</p> <p>Dhanus is yet to send a detailed reply.</p>

b. Under the Companies Act, 1956

Case/Court	Description	Current Status
<p>Case/Court No. C.A. No.18 of 2007 in CP. 13/113/2007-CLB</p> <p>Parties: M/s IPS Consultants Pvt. Limited</p>	<p>The Company originally received Legal Notice dated 6.3.2007 from IPS Consultants stating that it had applied for 1,62,500 Equity Shares in Dhanus @ Rs. 60/- each and had paid Rs. 97,50,000/- towards the same. The notice stated that it was not given the Share Certificate and directed the Company to issue the same to IPS</p>	<p>The petition has been directed to be transferred to the Southern Regional Bench, Chennai after objections were filed by Dhanus raising the plea of jurisdiction and the petition filed by IPS Consultants for retaining the matter before the Principal Bench has been</p>

<p>Petitioner V/s M/s. Dhanus Technologies Limited Respondent</p> <p>Court: Company Law Board Principal Bench New Delhi</p>	<p>Consultants. The Company vide its letter dated 13.3.2007 informed IPS Consultants that the Company had allotted 1,62,500 shares to it vide Share Certificate no. 318. IPS Consultants served a notice dated 21.3.2007 asking Dhanus to send the said share certificate within 10 days of the notice.</p> <p>IPS Consultants subsequently filed a petition before the Company Law Board, Principal Bench, New Delhi u/s 113 of the Companies Act, 1956 on 4.4.2007 praying for delivery of share certificate by the Company.</p> <p>The Northern Region Bench, Company Law Board fixed 21.5.2007 for hearing of Petition.</p> <p>The Company vide its letter dated 16.5.2007 to CLB, Northern Bench sought transfer of the said case to the Southern Regional Bench, Company Law Board at Chennai as per regulation 7 of Company Law Board Regulations and confirming the Company's inability to attend the hearing on 21.5.2007.</p> <p>IPS Consultants filed an application C.A. No.18 of 2007 in CP. 13/113/2007-CLB under regulation 44 of the Company Law Board Regulations seeking that the petition be heard and disposed off by the Principal Bench.</p>	<p>disallowed vide order of the Principal Bench dated 12.7.2007.</p> <p>However, until the matter is heard by Southern Regional Bench there is a direction restraining the Company from effecting any further transfer of shares. Directions were also issued by the Principal Bench for filing counter to the main Company petition by Dhanus and for hearing of the matter by the Southern Regional Bench at Chennai</p> <p>Dhanus has since filed a Counter stating that the Shares were issued to IPS in respect of their allotment and that IPS had transferred the said share certificate in favour of another party and that the transferee had lodged the said shares with Dhanus for transfer. Dhanus submitted that the Petition had been filed before the Northern Bench and not before the Principal Bench and that the petition should be dismissed.</p> <p>The Principal Bench, Company Law Board had since transferred the petition to Southern Region Bench. The notice of hearing in the matter is yet to be received from the Southern Region Bench, Chennai.</p>
<p>Case/Court No. CP.No.313/SRB/07 on 18.5.2007 u/s 111(2A) of Companies Act, 1956</p> <p>Parties: Venkatraman Mani (alias Ram V. Mani) Petitioner</p> <p>V/s</p> <p>Dhanus Technologies Ltd., S.Muthukrishnan, A.D. Sudhindra, D.S. Srinivasan, V.Narayanaswamy, National Securities Depository Limited & Central Depository Services Limited</p>	<p>Mr. Venkatraman Mani filed a petition under section 111A(2) of the Companies Act, 1956 before the Southern Region Bench, Chennai accusing the respondents of failure to comply with the terms of the MOU dated 4.8.2005 entered into between ECC & Dhanus and alleging that 7,90,870 shares bearing distinctive nos. 6864701-7655570 vide certificate no.251 and 3000 shares bearing distinctive nos. 8691398-8694397 vide certificate no.177 had been wrongly transferred to Mr. Muthukrishnan. The Petitioner prayed for rectification of the register of members of Dhanus and inclusion of his name as a shareholder to the extent of 7,93,870 equity shares.</p> <p>The Southern Bench vide its order dated 21.5.2007 gave time to the respondents till 15.6.2007 to file counter to the main petition and rejoinder by 6.7.2007. The Southern Bench also directed Dhanus not to sell, transfer, encumber or alienate the 7,93,870 equity shares till further order.</p>	<p>The Company Law Board has directed the petitioner to file a counter to the said maintainability application.</p> <p>A Counter has since been filed by the Respondent / Petitioner. A rejoinder to the same is yet to be filed by the Company.</p> <p>The Company Law Board, Southern Regional Bench, Chennai has vide its Order dated 07.08.2007 directed that the pleadings are to be completed by 31.08.2007 and has fixed the next date of the hearing on 20.09.2007</p>

<p>Court: Before the Company Law Board, Southern Region Bench Chennai</p>	<p>Dhanus filed C.A No.19/2007 challenging the maintainability of the petition as the issue sought to be raised in the petition concerns alleged illegal transfers and no ground for rectification has been made.</p>	
<p>Court: Before the Company Law Board, Principal Bench, New Delhi</p>	<p>NSDL has also vide its dated 24.5.2007 sought clarification from Dhanus regarding the said shares and dematerialisation status and the Company has clarified with the details of the transfer vide its letter dated 11.6.2007. NSDL has also vide its letter dated 15.6.2007 requested Dhanus to refrain from processing and confirming the dematerialisation request for the said 7,93,870 equity shares till the dispute is settled.</p>	

c. Civil Suit

Case/Court	Description	Current Status
<p>Case/Court No. O.A. Nos. 817/07 & Appln. No. 4838/07 in CS. No. 588 of 2007</p> <p>Parties: T. Ranganathan Plaintiff V/s i. M/s. Dhanus Technologies Ltd. ii. Sree Sella Infrastructure & Projects Ltd. (formerly known as SSP Projects & Infrastructure Pvt. Ltd.) Defendants</p> <p>Court: In the High Court of Judicature at Madras</p>	<p>A Civil suit has been filed by T. Ranganathan against Dhanus and Sree Sella Infrastructure & Projects Ltd. under Order IV Rule 1 of O.S. Rules read with Order VII Rule 1 of C.P.C 1908</p> <p>Dhanus had signed an MoU on 1.6.2006 with T. Ranganathan who was the Managing Director of Sree Sella Infrastructure & Projects Ltd. in terms of which Dhanus would conduct a comprehensive due diligence aimed at ascertaining the statutory status, compliance, shareholding, assets, liabilities, revenue and expenditure of Sree Sella within 2 weeks of the MOU and a report submitted to the Board of Dhanus. On satisfactory completion of the due diligence, 100% shares issued in Sree Sella was to be transferred to Dhanus and Dhanus would pay consideration. The MOU envisaged completion of the entire takeover by 20.6.2006.</p> <p>The plaintiff has alleged in his plaint that pursuant to the MOU he has transferred shares in favour of Dhanus and has also resigned as the Managing Director from the Board of Sree Sella and has alleged that Dhanus has not complied with the terms and conditions of the MOU. T. Ranganathan has sought recovery of a sum of Rs. 62,00,000/- with future interest @ 24% p.a. from the date of plaint till date of realisation, mandatory injunction directing Dhanus and Sree Sella to discharge and cancel all the guarantee, indemnity, security of any form offered by T. Ranganathan in favour of the financial institutions namely SBI Factors and Commercial Services (P) Ltd., Chennai and State Bank of Mysore, KK Nagar Branch, Chennai.</p>	<p>The High Court vide its interim directions dated 10.7.2007 has directed Dhanus and Sree Sella to furnish security to the extent of the suit claim i.e., Rs. 62,00,000/- within a period of four weeks from the date of the directions order failing which direct attachment of the movable, immovable belonging of Dhanus and Sree Sella would take place at a later date pending disposal of the suit. The High Court has vide its summons dated 18.7.2007 fixed the next date of appearance at six weeks after service of summons and to file in court a written statement stating the grounds of defence</p> <p>The plaintiff has withdrawn the suit on 01.08.2007 and the Hon'ble High Court has vide its Order dated 02.08.2007 has allowed the suit to be withdrawn.</p>
<p>Case/Court No. Summary Suit No.</p>	<p>The Plaintiff owns the firm. Similarly, his wife A. Padmavathy runs another travel firm. Both the plaintiff and his wife ply vehicles, on monthly rental basis, for</p>	<p>The Hon'ble High Court of Madras has vide its Summons dated 7.5.2007, asked Dhanus to obtain leave from the Court to defend the</p>

<p>271/2007 dated 26.2.2007</p> <p>Plaint under Order VII Rule I of High Court O.S. Rules R/W Order XXXVII Rule 1 of C.P.C.</p> <p>Parties:</p> <p>Anand Travels Rep. by its Sole Proprietor K.M. Anand Kumar Plaintiff</p> <p>V/s</p> <p>Others comprising of 6 defendants and Dhanus Technologies Limited Defendants</p> <p>Court: Hon'ble High Court of Madras, Chennai</p>	<p>various companies for transporting the officers and employees of those client firms.</p> <p>Two of the Defendants (other than Dhanus) borrowed a sum of Rs. 23,33,000/- from the plaintiff to be repaid along with interest @ 24% per annum. Mrs. A. Padmavathy, wife of Mr. Anand Kumar also lent Rs. 35,81,000/- to the Other defendants (except Dhanus) at an interest of 24% per annum. Promissory Notes were executed by the said recipient Defendants in favour of the plaintiff and his wife and post-dated cheques in favour of the plaintiff. Additionally, one of the defendants M/s Enhanced Customer Care Private Limited owed a sum of Rs. 6.6 lakhs to the plaintiff towards transportation rental charges for the months of April, May and June 2005.</p> <p>The said defendants had agreed to the fact that the said outstanding sum along with interest @ 24% p.a. was owed to the plaintiffs, but the cheque given in favour of the Plaintiffs was dishonoured.</p> <p>The plaintiffs claimed that two of the defendant companies had allegedly merged with Dhanus and, that Dhanus had accepted and acknowledged the liabilities of the said Defendants (to the Plaintiff) and agreed to repay the loan amounts. Accordingly, Dhanus had allegedly repaid a sum of Rs. 10.40 lakhs towards interest and part of the principal sum and had made no repayment since then.</p> <p>The Plaintiff has filed suit for recovery of a sum of Rs. 34.33 lakhs towards recovery of loan amount of Rs. 29.14 lakhs and interest @ 24% of Rs. 5.19 lakhs</p>	<p>suit.</p> <p>There has been no further development in this matter</p>
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d. Central Sales Tax

Case/Court	Description	Current Status
<p>Case/Court No. Notice dated 20.7.2007 served u/s 16(1) & 16(2) of Central Sales Tax Act</p> <p>Parties:</p> <p>Notice served on Dhanus Technologies Limited</p> <p>Office: Commercial</p>	<p>The Commercial Tax Officer, T. Nagar (East), Assessment Circle, Chennai has served a Notice on 20.7.2007 stating that the Company had been finally assessed u/s 12-C of the TNGST Act, 1959 read with Section 9(2-A) of CST Act, 1956 as deemed assessment for the year 2005-06 under CST Act on a total and taxable turnover of Rs. 3143.50 lakhs and Rs. Nil respectively. The Notice states that the exemption allowed on the above turnover was found not to be in order as the dealers of SIM Cards did not file any copies of export invoices, bill of lading etc in support of their claim on export sales and in interstate transactions, the dealers did not file extract of Form-10 Register together with copies of invoices.</p> <p>As per authorities, if the V-tel Card is sold by the assessee merely as part of service rendered by the service provider, then the Card cannot be charged separately to Sales</p>	<p>The Commercial Tax Officer has invited for Objections to their above proposal within 15 days from the date of receipt of Notice by the Company, failing which orders will be passed as proposed.</p> <p>The Company has requested the Commercial Tax Officer for grant of time extension by another 30 days to furnish the reply and the details</p>

	<p>Case No.: M. P. No. 6931/2006</p> <p>Court: XVII M.M. Saidapet, Chennai.</p> <p>Parties: Dhanus Technologies Ltd.</p> <p>V/s.</p> <p>Mr. K.M. Anand Kumar & Mr. Ram V. Mani</p>	<p>an offence under Section 420 read with 120B IPC on November 2, 2006.</p> <p>The Complaint alleged that on account of the conspiracy between the two accused parties against Dhanus, Dhanus had been wrongly informed about the facts on the liabilities Mr. Ram V. Mani and had therefore been cheated to pay Rs. 11 lakhs to Mr. Anand Kumar.</p> <p>On 27.3.2006, a Criminal Complaint had been filed by Mr. Anand Kumar against Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan and also the Directors and President of Dhanus before the Additional Chief Metropolitan Magistrate, Egmore, Chennai U/s. 200 r/w 156(3) Cr. P.C. for offence U/s. 420 r/w 109 r/w 120 (B) IPC in C.C.No. 300/2006.</p> <p>Mr. Anand Kumar had alleged that he had advanced a loan of Rs. 60 lakhs to Mr. Ram V. Mani, Mrs. Shanta Mani, and Mr. V. R. Krishnan, and that the loan amount of Rs. 60 lakhs plus an interest of Rs. 10 lakhs had not been repaid by them. In the meanwhile, the business of the accused (ECC) was taken over by Dhanus. Mr. Anand Kumar accused the Directors & the President of Dhanus for having colluded with Mr. Mani and his associates for having transferred their assets to Dhanus, with an intention to cheat Mr. Anand Kumar.</p> <p>Dhanus had paid a sum of Rs. 11 lakhs to Mr. Anand Kumar on the understanding that the dues were the liabilities of ECC.</p> <p>Mr. Anand later did not press for the Complaint against the Directors and President of Dhanus and as such a Petition to quash was filed by the Directors and President of the Company before the Hon'ble High Court at Madras and the same was granted.</p> <p>Dhanus has now initiated a case against Mr. Anand Kumar & Mr. Mani accusing that the liability was actually the personal liability of Mr. Mani and not of ECC as had been represented to Dhanus; and that Mr. Anand Kumar and Mr. Mani had in fact colluded and duped Dhanus to pay off the personal liability of Mr. Mani to Mr. Anand Kumar as if it had been liability of ECC, which Dhanus had acquired from Mr. Mani.</p>	<p>7.11.2006 to investigate the matter.</p> <p>The investigation is still pending.</p>
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AGAINST THE DIRECTORS:

Date	Description	Current Status
<p>March 27, 2006</p> <p>CRL. O.P. No. 25384 of 2006 and M.P. No. 680 of 2006</p> <p>High Court of Judicature at Madras – Hon'ble Mr. Justice R. Regupathi</p> <p>Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan (Accused) Mr. A.D. Sudhindra, Mr. V. Narayanaswamy, Captain D.S. Srinivasan (Directors of Dhanus) and Mr. K.L. Jayakumar (President)</p>	<p>A Criminal Complaint was filed against Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan and the Directors and President of the Company by Mr. Ananda Kumar before the Additional Chief Metropolitan Magistrate, Egmore, Chennai U/s. 200 r/w 156(3) Cr. P.C. for offence U/s. 420 r/w 109 r/w 120 (B) IPC in C.C.No.300/2006. The Complainant has alleged that he had advanced a loan of Rs. 60 lacs to Mr. Ram V. Mani, Mrs. Shanta Mani, Mr. V. R. Krishnan and the loan amount of Rs. 60 lacs plus an interest of Rs. 10 lacs was not refunded by them. In the meanwhile, the business of the accused was taken over by Dhanus. The Complainant accused the Directors & the President of Dhanus for colluding with the above accused in transferring their assets to Dhanus, with an intention to cheat the Complainant. The Complaint against the Directors and President of Dhanus was not pressed as such a Petition to Quash was filed by the Directors and President of the company before the Hon'ble High Court at Madras and the same was granted.</p>	<p>As the quash petition was allowed, the Criminal case in C.C.No.300/2006 before Hon'ble ACMM, Egmore, Chennai, is closed as against directors and the president of the company.</p>
<p>FIR No. 334/07 dated July 2, 2007</p> <p>Filed with Central Crime Branch, Chennai</p> <p>Mr. R. Sriram (Complainant)</p> <p>Mr. P.V. Sridhar, Mr. Ravikanth Venkatesan and Mr. Ratan Ranka (Accused).</p>	<p>An FIR No. 334/07 dated July 2, 2007 has been filed u/s 406, 420, 120(B) with Central Crime Branch, Chennai by Mr. R. Sriram (Complainant) against Mr. P.V. Sridhar, Mr. Ravikanth Venkatesan and Mr. Ratan Ranka (Accused).</p> <p>The Complaint has been lodged u/s 200 and 156(3) Cr. PC for offences punishable u/s 406, 420, 120(B) of IPC.</p> <p>The Complainant has alleged that he invests in shares through both primary and secondary market, and that he used to make investments through Mr. Venkatesan also. In April, 2006 when the complainant was travelling overseas, he had left signed blank demat slips to be used for the purpose of buying and selling shares based on complainant's instructions.</p> <p>On his return, he found that 75,000 shares of SAAG RR Infra had been transferred out of his account. He has alleged that it was transferred to Mr. Sridhar, and that the three accused had conspired to cheat him. The Complainant has alleged that Mr. Sridhar has refused to hand him back the shares and that on account of the said act, he has incurred a loss of Rs. 37.5 lakhs.</p> <p>The Complainant had requested the Court to direct jurisdictional police viz., Dy. Commissioner, Crime Branch, Chennai to register the FIR, investigate the offences committed and file a report with the Court.</p> <p>Based on the orders of the Court, the FIR was registered.</p>	<p>Mr. G. Rathan Kumar alias Ratan Ranka has on 21.7.2007 filed a Petition No. 21784 with the Hon'ble High Court, Chennai wherein he has stated that he had no role in the commission of the offence. He has been granted Anticipatory Bail by the Hon'ble High Court.</p>

LITIGATIONS OF SUBSIDIARIES

Notice

Dhanus Global Medicare Pvt. Ltd. (now Dhanus Global Medicare Ltd.) has received the following notice from third parties:

Date	Description	Current Status
28.11.2006 O.S. no. 334 of 2007 Court of the City Civil Judge at Bangalore Dr. Suresh Rao Aroor (Plaintiff) v/s K.L. Jayakumar & Dhanus Global Medicare (P) Ltd. (Defendants)	The plaintiff had given his property on lease to Mr. Jayakumar for 5 years. Mr. Jayakumar was irregular in payment of monthly rent & hence the Dhanus Global joined Jayakumar in using the leased property. The complainant has accused that due to failure of the defendants to comply with the terms of the lease deed & due to non-payment of electricity dues, he had vide letter dated 20.9.2006, terminated the lease agreement but the defendants have not delivered vacant physical possession of the property. Thus the suit has been filed.	The case is adjourned for further hearing and the date is yet to be fixed.

LITIGATIONS OF COMPANIES/FIRMS PROMOTED BY THE PROMOTERS/DIRECTORS OF DHANUS

There are no cases / litigations filed by or against companies/firms promoted by the promoters/Directors of Dhanus.

AGAINST OR BY THE PROMOTERS:

There are no cases / litigations filed by or against the promoters.

In terms of Clause 6.11.1.1 (g) of SEBI (DIP) Guidelines, as at December 31, 2006, the Company does not owe a sum exceeding Rs. 1 lakh to a Small Scale Undertaking or any other creditor, which is outstanding for more than 30 days.

The promoters, members of the promoters group, issuer, and companies/firms promoted by promoters are not detained as willful defaulters by the Reserve Bank of India/Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

OTHERS:

- 1 A search was conducted by the SPE CBI ACB Chennai under Section 165 of Cr.Pc. and RC MAI 2007A 0009 u/s 120-B r/w 420, 468, 471 IPC and sec 13(2) r/w 13(1)(c) & (d) of PC Act, 1988 at the Company's registered office at 6-B Mena Kampala Arcade, 113/114, Theyagaraya Road, T.Nagar, Chennai – 600 017 on 03.08.2007 and 06.08.2007; at the residence of the Mr.V. Narayanaswamy Managing Director of the Company, at No.174, West Chitra Street, Srirangam, Trichy – 620 006, at the Company's guest house at Flat No A-3, 3rd Floor, Golden Primrose, 32/34, Saravanan Street, T. Nagar, Chennai – 600 017 and the residence of Mr. K.R. Soundararajan an employee of the Company, at R/o No. 14, II Floor, Temple Street, Kilpauk, Chennai – 600010 on 03.08.2007 in connection with the F.I.R. No. RC MAI 2007 A 0009 dated 21.02.07 made by Mr. R. Prabha, General Manager Canara Bank, Circle Office, No.563/1, Anna Salai, Teynampet, Chennai to the Superintendent of Police, CBI, ACP, Shastri Bhavan, Haddows Road, Chennai.

The above mentioned FIR has been registered for criminal conspiracy, cheating, creation of forged documents, using forged documents as genuine, criminal misconduct by public servant. A complaint had been lodged earlier by Mr. R. Prabha, General Manager Canara Bank, Circle Office, No.563/1, Anna Salai, Teynampet, Chennai to the Superintendent of Police, CBI, ACP, Shastri Bhavan, Haddows Road, Chennai against Mr. A. Ammaiappan (Manager Scale –II), the then Credit Manager of Canara Bank, Nungambakkam Chennai Branch in relation to sanction of

45 personal loans under CANBUDGET scheme during January '06 and February '06 in the names of persons alleged to be employees of PAN Softek Solutions Limited, No.68, 2nd Floor, J.M.D. Building, 5th Main Road, CIT Nagar (East), Nandanam, Chennai. The loans were sanctioned based on fake and forged documents and all the 45 loan applications had defaulted. Mr. Shreyas Sripal and Mr. T.P. Anand were directors of PAN Softek Solutions Limited.

In the course of the search CBI has seized several items including cash, documents, cheque books, computers, V-Tel Callings cards and passports of some of the directors of the Company.

Mr. V.Narayanaswamy, Managing Director of the Company has issued a letter dated 16.08.2007 to Mr. C.S. Moni, Inspector of Police, CBI – ACB, 3rd Floor, Shastri Bhavan, Nungambakkam, Chennai – 600 034 stating that the Company and its directors are no way connected with M/s. PAN Softek Solutions Limited and its employees.

No FIR has been registered or summons issued so far against the Company, its directors or its employees.

2. As per the search list it has been mentioned that during the course of search by the SPE CBI ACB Chennai under Section 165 of Cr.Pc. at the registered office of the Company at 6-B Mena Kampala Arcade, 113/114, Theyagaraya Road, T.Nagar, Chennai – 600 017 and at the Company's guest house at Flat No A-3, 3rd Floor, Golden Primrose, 32/34, Saravanan Street, T. Nagar, Chennai – 600 017, the Department of Telecommunications (DOT) officials were contacted by the CBI who in turn had enquired with the Licensing cell, DOT, Government of India, New Delhi and found that the Company has not been given any license/No Objection Certificate by the DOT, New Delhi for selling international calling cards in India. As per the search list the Divisional Engineer (VTM) DOT, Chennai has preferred a written complaint to SP, CBI, ACB Chennai requesting to take action in the matter. The Company has however till date not received any copy of the complaint either from the DOT or from the CBI. However the Company has vide its letter dated 4th July 2007 has sought clarification and direction regarding such a requirement from the DOT and also vide its letter dated 11th of August, 2007 applied for a "No Objection Certificate" with the Department of Telecommunications, Government of India for sale of International Calling cards in India.

ii. MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that may materially or adversely affect or are likely to affect the profitability of the Company or the value of the assets or the ability to pay the material liabilities within the next twelve months.

Except as stated in this Red Herring Prospectus, there is no subsequent development after the due date of the Auditor's Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company.

iii. GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the 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 prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

Licences/Approvals obtained by the Company:

Sl. No.	Name of Registration	Licence/ Registration No. & Date	Name of Issuing Authority/Department
1.	Central Sales Tax Registration	CST No. 818596 dated 06.07.2004	Commercial Tax Officer T. Nagar (East) Assessment Circle, Chennai The Central Sales Tax (Registration and Turnover) Rules, 1957
2.	Tamil Nadu Sales Tax Registration	TNGST No. 1561890	T. Nagar (East) Assessment Circle, Chennai under Tamil Nadu General Sales Tax Act, 1959
3.	Permanent Account Number	AABCD3429L	Central Board of Direct Taxes, Dept., of Revenue, Ministry of Finance, Govt., of India
4.	TAN Number	CHED04789B	Central Board of Direct Taxes, Dept., of Revenue, Ministry of Finance, Government of India
5.	Provident Fund	IN/52251	Assistant Provident Fund Commissioner (C&R) Employees Provident Fund Organisation,

			Ministry of Labour, Government of India, Chennai & Pondicherry Region
6.	Licence for setting up international call centre in Chennai, Tamil Nadu under Other Service Provider category	Letter no. 10-1300/2006-OSP dated 16 th March 2006 (valid for a period of 20 years)	Section Officer (OSP) Ministry of Communications & Information Technology, Department of Telecommunications Other Service Provider Cell
7.	Approval for setting up of STP Unit at 4B & 6B, Mena Kampala Arcade, 113/114 Theyagaraya Road T. Nagar Chennai – 600 017	Letter no. STPIC/G/1413/2005-06/1487 & 1488 dated 23.1.2006 for a period of 3 years under registration no. STPIC/MCIT/2005-06/5520 dated March 23, 2006	Director Software Technology Parks of India Autonomous Society under Government of India, Ministry of Communications & Information Technology Department of Information Technology
8.	Approval under STP Scheme as a 100% Export Oriented Unit for Computer Software	Green card No. STPIC/MCIT/2005-06/5520 dated 23 rd March 2006	Director Software Technology Park of India Ministry of Communications & Information Technology Department of Information Technology
9.	Certificate of Importer Exporter Code	IEC No. 0498049175 dated 1.4.1998	Office of Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India
10.	Professional Tax Number	PTNAN:08-126-PE-0582 dated 08.12.2005 Valid from 2004-05 to 2008-2009	Commissioner Corporation of Chennai, Tamil Nadu Urban Local Bodies Tax on Professions, Trades, Callings Employment Rules 1998
11.	Service Tax Code (Registration Number)	AABCD3429LSTOO1	Superintendent of Central Excise Service Tax Service Tax Commissionerate, Office of the Commissioner of Service Tax, Department of Revenue, Ministry of Finance, Government of India
12.	Registration for setting up a Vehicle Tracking System using Vehicle Mounted Unit (VMU) with an in-built equipped with a SIM Card with GPRS capability to work on GPS (Global positioning satellites)	No. 10-1402/2006-OSP dated 31.10.2006 for a period of 20 years under "Other Service Provider" category	Assistant Director Department of Telecommunications, "Other Service Provider" cell Ministry of Communications & Information Technology, Government of India,
13.	Private Bonded Warehouse at 4B & 6B, Mena Kampala Arcade, 113/114 Theyagaraya Road T. Nagar, Chennai – 600 017	Licence No. E – 376 (AIR) dated 22.04.06 valid from 22-04-2006 to 21-04-2011	Assistant Commissioner of Customs (Bonds) Office of the Commissioner of Customs Government of India Ministry of Finance
14.	Approval for Overseas Direct Investment in wholly owned subsidiary in USA within the sectoral cap prescribed by RBI.	Identification No. MAWAZ20060434 vide letter ref. No. FE.CO.OID9211/19.04.215/2006-07 dated 31 st October, 2006	Assistant General Manager Reserve Bank of India Foreign Exchange Department Overseas Investment Division
15.	Value Added Tax	Tax Payer's Identification Number (PIN) is 33351561890	Commercial Tax Department Government of Tamil Nadu
16.	Employees State Insurance	51-86381-101	Dy. Assistant Director (Inspn) Regional Office (Tamil Nadu) Employees State Insurance Corporation



- * *The Company has its Registered Office at 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai – 600 017 and Corporate Office at Suite 4-A, 4th Floor, 'A' Block, Mena Kampala Arcade, 113/114 Sir Theyagaraya Road, T Nagar, Chennai – 600 017 in Tamil Nadu, and branch office at N 14/4 DLF Phase II, Ground Floor, Gurgaon, Haryana – 122002. The Company however does not have registration under the Shops and Establishment Act for its place of business.*

Licences/Approvals applied for by the Company:

Sl. No.	Name of Registration	Date applied	Name of Issuing Authority/Department
1.	Request for Issue of No Objection Certificate for sales of International Calling cards		

Dhanus Group	10.11.2005	16	The Registrar of Trademarks, The Office of the Trademark Registry, I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032
Mpingi	10.11.2005	09	The Registrar of Trademarks, The Office of the Trademark Registry, I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032
Mpingi	10.11.2005	38	The Registrar of Trademarks, The Office of the Trademark Registry, I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032
Mpingi	10.11.2005	16	The Registrar of Trademarks, The Office of the Trademark Registry, I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032

SECTION VII

OTHER REGULATORY AND STATUTORY DISCLOSURES

1. Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution passed by the Board of Directors at their meeting held on 25th September, 2006 which is subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on 29th December, 2006 the shareholders approved the Issue at the AGM of the Company held at Chennai. The issue of equity shares was further authorised by the Board in their meeting held on July 20, 2007 and by a special resolution by the shareholders in the Annual General Meeting held on August 27, 2007.

2. Prohibition by SEBI/RBI/Any other Authority

The Company, its directors, its promoters, Promoter Group, the Group Companies, persons in control of the promoter companies, other companies with which the promoters/directors are associated as directors or as promoters are not prohibited from accessing/operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

Neither the Company nor its directors, associates, promoters, promoters Group companies or relatives of the Promoters have been detained as wilful defaulter by the RBI or government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

3. Eligibility of the Company to enter the capital market

The Company is eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under. Clause 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"

The Company is an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and is therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- The Company is complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue is proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event the Company fails to do so, the full subscription monies shall be refunded to the Bidders.
- The Company is complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the respectively.
- The Company is also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company would be more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, the Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

The Company undertakes that the number of allottees (i.e., Persons receiving Allotment in the Issue) shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest (on a pro rata basis) on the application money at the rate of 15% per annum for the period of delay.

4. Disclaimers

SEBI DISCLAIMER CLAUSE:

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLM, SREI CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM, SREI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 16th MARCH, 2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE**

DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- a. **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
 - b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. **THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- III. WE CONFIRM THAT, BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**
- IV. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS; AND**
- V. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ 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 BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

5. CAUTION STATEMENT /DISCLAIMER STATEMENT FROM THE ISSUER AND BOOK RUNNING LEAD MANAGER:

The Company, its Directors, BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or the advertisements or any other material issued by or at the instance of the above mentioned entities and any one placing reliance on any other source of information, including the website of the Company "www.dhanus.net would be doing so at his or her own risk.

The BRLM do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLM and the Underwriting Agreement to be entered into amongst the Underwriters and the Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at the bidding centres or elsewhere.

The Company and Book Running Lead Manager are obliged to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Neither the Company, the BRLM nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

6. **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, HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or Trusts under the applicable Trust Law and who are authorised under their constitution to hold and invest in shares, permitted Insurance Companies and Pension Funds and to permitted non residents including FIIs, NRIs and other eligible Foreign investors. This Red Herring Prospectus does not, however, constitute an offer to sell or, an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue shall be subject to the exclusive jurisdiction of appropriate court(s) in, Chennai, India only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in 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 and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

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.

7. **Disclaimer Clause of the Stock Exchanges**

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE) – The Designated Stock Exchange

"Bombay Stock Exchange Limited ('the Exchange) has vide its letter no. DCS/IPO/PS/IPO-IP/0146 dated April 24th 2007 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company;

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

Disclaimer Clause of the National Stock Exchange Association Limited (NSE)

As required, a copy of this offer document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref. NSE/LIST/49069-H dated June 18, 2007 permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document ; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange ; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer;

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

8. Filing of Red Herring Prospectus with the Board and The Registrar of Companies

A copy of this Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 005. 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 Registrar of Companies, Tamil Nadu, Chennai located at Block 6, 11nd Floor, Shastri Bhavan, 26 Haddows Road, Chennai - 600 006.

A copy of the Prospectus required to be filed under Section 60 of the Companies Act, 1956 will be delivered for registration with the RoC.

9. Listing

Initial listing applications have been made by the Company to the Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE) for permission to list the equity shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares are not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Red Herring Prospectus. If such money is not paid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from the date the expiry of 8 days, will be jointly and

severally liable to repay the money with interest as prescribed under section 73 of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

10. Impersonation

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

“Any person who-

- a) makes in a fictitious name an application to a company for acquiring, or subscribing for any Shares therein, or**
- b) otherwise induces a company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

11. Consents

Consents, in writing, of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to the Company, Bankers to the Issue, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, and Registrar to the Issue, Syndicate Members, Escrow Collection Bankers and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu Chennai as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

M/s P.C. Acharya & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

M/s P.C. Acharya & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report on the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

12. Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

13. Expenses of the Issue

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

Sl. No.	Activity	Estimated Amount (Rs. in lakhs)	% of Total Expenses	% of Total Issue size *
1.	Fees of BRLM	[•]	[•]	[•]
2.	Underwriting commission	[•]	[•]	[•]
3.	Brokerage & Selling commission	[•]	[•]	[•]
4.	Advertisement & Marketing expenses	[•]	[•]	[•]
5.	Printing and Stationery, Distribution, postage etc	[•]	[•]	[•]

6.	Fees of Registrar to the issue	[.]	[.]	[.]
7.	Other Expenses (including legal fees, filing fees, listing fees, depository charges etc)	[.]	[.]	[.]
	Total	[.]	[.]	[.]

* Will be incorporated after finalization of Issue price.

Fees Payable To The BRLM

The total fees payable to the Book Running Lead Manager (including underwriting commission if any, and brokerage and selling commission) for the issue will be as per the Memorandum of Understanding entered into with SREI Capital Markets Ltd, dated February 24, 2007, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated January 21, 2007 between the Company and the Registrar to the Issue, a copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

14. Underwriting Commission, Brokerage And Selling Commission

The Underwriting commission for the Issue would be set out in the Underwriting Agreement, copy of which would be available for inspection at the Registered Office of the Company. Brokerage will be paid on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the broker's columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

In case of tampering or over stamping of broker/agents codes on the application form, Issuers decision to pay brokerage in respect will be final and no further correspondence will be entertained in the matter.

15. Previous Rights and Public Issues, if any

The Company has not made any previous rights and public issues since inception.

16. Previous issues of shares otherwise than for cash

The Company has not made any previous issues of shares for consideration otherwise than for cash except as stated in the Capital Structure beginning on page no. 21 of this Red Herring Prospectus.

17. Commission and Brokerage on Previous Issues

The Company has not made any previous public or right issue since inception and as such no amount has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription of the equity shares

18. **PARTICULARS IN REGARD TO DHANUS AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 THAT MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

The following company has been declared to be under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956:

1. Dhanus Global Medicare Private Limited
2. Dhanus Technologies Inc.
3. Mpingi Inc

For more details, please refer to the section titled "Financial and Other Information of Companies, Firms Promoted/Controlled by the Promoters" beginning on page no.241 of this Red Herring Prospectus.

There have been no capital issues during last three years either by the Company or any other company under the same management within the meaning of Sec. 370(1)(B) of the Act.

19. **Promise Vis-À-Vis Performance – The Company**

This is the first public issue of the Company. Hence Promise vis-à-vis performance is not applicable to the Company.

Listed Ventures of Promoters

The promoters do not have any listed venture and hence not applicable.

20. **Outstanding Debentures Or Bond Issues**

The Company does not have any outstanding debentures or bonds.

21. **Outstanding Preference Shares**

The Company does not have any outstanding preference shares.

22. **Stock Market Data**

This being the first public issue of the Company the Equity Shares of the company are not listed on any stock exchange hence no stock market data is available.

23. **Mechanism for Redressal of Investor Grievance**

The Company has adopted Corporate Governance practices for ensuring protection of the rights and interests of its Shareholders. For Investor Grievances and redressal, the Company has formed a Shareholder's Grievance Committee to look into the shareholders complaints, if any, and to redress the same expeditiously. The Committee approves requests for issue of duplicate share certificates and issue of certificates after split/consolidation etc. as also requests for transmission of shares. The Registrar and Share Transfer Agent of the Company is Cameo Corporate Services Limited vide agreement dated 6th October, 2006. The Agreement with the Registrar and Share Transfer Agent provides for the following:

- All investor complaints to be redressed within one month of receipt of the complaint.
- Any non compliance of the covenants contained in the Agreement a report would be made to SEBI within 7 days.
- All records would be maintained for a minimum period of 3 years.

There were no unresolved complaints transfer pending as on 30th June, 2007 other than as mentioned under Outstanding Litigations and defaults beginning from page no. 261 of the Red Herring Prospectus .

As per the Memorandum of Understanding between the Company and the Registrar to the Issue, the Registrar will handle the queries from the investors for a period of 6 months from the date of completion of dispatch of letters of allotment, demat credit, and refund orders.

All grievances relating to this Issue may be addressed to the Company and Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository participant and the respective Syndicate member or collection center where the application was submitted.

The Company has re-constituted the Shareholder's Grievance Committee on 29th January, 2007 comprising of Mr. G. Rathan Kumar, Independent Director as Chairman and Mr. S. Manoharan, Independent Director and Mr. V. Narayanaswamy, Managing Director as Members.

The Company has also appointed Mr. V. Baskaran, Chief Financial Officer and Company Secretary as the Compliance Officer of the Company.

All investor complaints that cannot be resolved by the Chief Financial Officer and Company Secretary and the Compliance Officer would be placed before the Shareholder's Grievance Committee for resolution. The Company will settle investor grievances expeditiously and satisfactorily.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The company has appointed Mr V Baskaran, Chief Financial Officer and Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Mr. V. Baskaran
Chief Financial Officer & Company Secretary
Dhanus Technologies Ltd.
6-B, Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T. Nagar
Chennai – 600 017
Tel.: +91 44 28151135/28151635/39180735
Fax: +91 44 3918 0789
Email: ipo@dhanus.net
Website: www.dhanus.net

24. Changes in Auditors during last 3 years and reasons thereof

The auditors of the company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

M/s P.C. Acharya & Co., Chartered Accountants were appointed as Statutory Auditors of the Company at the EGM held on 19th July, 2004 consequent to the resignation of M/s. Ravi & Ramesh, Chartered Accountants as Auditors.

25. Capitalization of Reserves Or Profits

Except as stated herein below and elsewhere in the Red Herring Prospectus under "Capital Structure", beginning on page 21 of this Red Herring Prospectus, the Company has issued the following Equity Shares on capitalisation of profits or reserves.

Date of Allotment of Bonus Shares	Ratio of Bonus Shares	Number of Equity Shares of Rs. 10/- each issued as Bonus	Amount of Reserves capitalised
30.03.04	1:1	2,25,600	Rs. 22,56,000

26. **Revaluation of assets**

The Company has not revalued its Fixed Assets in the last five years.

SECTION VIII

ISSUE INFORMATION

i. TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents / certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications, rules and regulations relating to the issue of capital, 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 the Company has been authorised pursuant to a resolution of the Board of Directors passed at their meeting held on 25th September, 2006, and by a special resolution passed pursuant to Section 81 (1A) of the Companies Act at the Annual General Meeting of the shareholders of the Company held on 29th December, 2006. The issue of equity shares was further authorised by the Board in their meeting held on July 20, 2007 and by a special resolution by the shareholders in the Annual General Meeting held on August 27, 2007.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company including rights in respect of dividend. The allottees will be entitled to dividends and other corporate benefits, if any, declared by the company after the date of allotment. For a description of the Articles of Association, please refer to "Main Provisions of the Articles of Association of the Company" on page 327 of this Red Herring Prospectus.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders of the Company, at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition. Dividend shall be paid to the shareholders as per provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price band of Rs. 280 at the lower end and Rs. 295 at the higher end. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI DIP Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr V Baskaran, Chief Financial Officer and Company Secretary as the Compliance Officer of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity shareholders shall have the following rights: -

- Right to receive dividend, if declared;
- Right to receive notice, annual reports, attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting, dividend, forfeiture and lien, transfer and transmission and/or consolidation /splitting of Shares, refer to the section titled "Main Provisions of the Articles Of Association of the Company" on page no. 327 of this Red Herring Prospectus.

Market Lot & 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 of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares of the Company will be in dematerialised 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 multiples of one Equity Share subject to a minimum allotment of 20 Equity Shares to the successful bidders.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Chennai, Tamil Nadu India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s) 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, becoming 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 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/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the Prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either; -

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied 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 / transfer of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing of the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

"If the company does not receive the minimum subscription of 90% of the Issue size including devolvement of Underwriters within 60 days from the bid / Issue closing date, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after

the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956.

Further in terms of Rule 19(2)(b) of SCRR, if at least 60% of the Net Issue cannot be allocated to QIBs, all application money will be refunded forthwith."

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Arrangements for disposal of odd lots

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- Refunds shall be made in the following manner:
 - In case of applicants residing in any of the centres specified by the SEBI – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
 - In case of other applicants – by despatch of refund orders by registered post, where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and
 - In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the SEBI from time to time.
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above (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) within 15 days from the date of the closure of the issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

Nothing contained in the Articles of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of the Company" beginning from page no. 327 of this Red Herring Prospectus.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of the RBI, OCBs cannot participate in this Issue.

ii. ISSUE STRUCTURE

Public Issue of 38,35,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share for cash aggregating Rs. [•] lakhs, comprising of 2,00,000 equity shares of Rs. 10/- each reserved for the Eligible Employees (the "Employee Reservation Portion") and a Net Issue to the Public of 36,35,000 equity shares of Rs. 10/- each being made through a 100% book building process.

Details of the Issue structure are tabulated below:

	Employees Reservation Portion	QIB Bidders	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Upto 2,00,000 Equity Shares	At least 21,81,000 Equity Shares	Not less than 3,63,500 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 10,90,500 equity shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Issue size available for allotment/allocation	Up to 5.22 % of the Issue size or the Issue less Net Issue	At least 60% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only	Not less than 10% of Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 30% of Net Issue or the Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	20 Equity Shares and thereafter in multiples of 20 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 20 Equity Shares thereafter	20 Equity Shares and thereafter in multiples of 20 Equity Shares
Maximum Bid	Up to 2,00,000 Equity Shares.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue where the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form

Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20	20 Equity Shares and thereafter in multiples of 20
Who can apply ***	Eligible employees being permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Eligible employees forming part of the promoter/promoter group are not eligible to be treated as eligible employees	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.	Companies, Corporate Bodies, Scientific Institutions Societies and Trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000)	Resident Indian Individuals, HUF (in the name of the Karta) and eligible NRIs applying for an amount up to Rs.1, 00,000.
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application	Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-

	Members.	Form to the members of the Syndicate QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Application Form to the members of the Syndicate Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Application Form to the members of the Syndicate Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid Amount on bidding	At least 10% Bid amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM.

*** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid Cum Application Form.

Undersubscription in Equity Shares, if any, reserved for Employees would be included in the Net Issue and allocated in accordance with the description in Basis of Allocation as described in page no. 317 of this Red Herring Prospectus.

iii. ISSUE PROCEDURE

ISSUE PROCEDURE

Principal Terms And Conditions Of The Issue

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

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, upto 2,00,000 Equity Shares shall be available for allocation on a proportional basis Eligible Employees, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, the Company in consultation with the BRLM, as the case may be, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful bidders, only in the dematerialised form. Bidders will not have the option of getting allotment of the security shares in physical form. The Equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares @ Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for shares of the company at various prices and is collated from bids from various investors.

Number of Equity shares Bid For	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of CAN and filing of Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Prospectus with ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

CATEGORY	COLOUR OF BID CUM APPLICATION FORM
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders, Eligible NRIs applying on a non-repatriation basis	White
NRI or FIIs applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- i Indian nationals resident in India who are major, or in the names of minor as natural/legal guardians in single or joint names (not more than three);
- ii Hindu Undivided Families or HUFs, in the individual name of Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application form as follows: "Name of sole or first Bidder: XYZ" Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- iii Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares;
- iv Indian mutual funds registered with SEBI;
- v Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI guidelines as applicable);
- vi Venture Capital Funds registered with SEBI;
- vii Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- viii State Industrial Development Corporations;
- ix Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares;
- x Eligible NRIs on repatriation basis or a non-repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- xi FIIs registered with SEBI on repatriation basis or on repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- xii Scientific and / or industrial research organizations authorised under their constitution to invest in Equity Shares;
- xiii Insurance companies registered with Insurance Regulatory and Development Authority;
- xiv Subject to applicable laws Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
- xv Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
- xvi Multilateral and bilateral development financial institutions;
- xvii Any other QIBs permitted to invest in the issue under applicable laws and regulations; and

- xviii Eligible employees being permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Eligible employees belonging to the Promoter/promoter group are not eligible to participate in the Employee Reservation Portion.

As per the existing policy of the Government of India, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion as may be applicable to such investors where allocation is on a proportionate basis.

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, rules, regulations, guidelines and approvals or statutory guidelines.

Bids by Mutual Funds

(As per the current regulations, the following restrictions are applicable for investments by mutual funds):

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,09,050 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 QIB bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments 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 share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In terms of SEBI Guidelines, 5% of the QIB Portion (i.e., 1,09,050 Equity Shares) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

Bid cum application forms have been made available for NRIs at the registered office of the Company, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying bids shall be payable in Chennai only.

Bids by FIIs

(As per the current regulations, the following restrictions are applicable for investments by FIIs):

No single FII can hold more than 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual

As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A (1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in 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 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.

Bids by NRIs or FIIs on Repatriation basis

Bids and revision to bids must be made:

On the bid cum application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of 20 Equity Shares thereafter so that the Bid amount exceeds Rs. 1,00,000; for further details. Please refer to the sub-section titled “Maximum and Minimum Bid size” on page no. 296 of this Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission, in case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

(As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds):

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture

capital investors registered with SEBI respectively. Accordingly, whilst the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI in one company should not exceed 25% of the corpus of the Venture Capital Fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

In terms of Clause 4.14.2 sub-clause (i) of the SEBI DIP Guidelines, the one year lock-in requirement of entire pre-issue share capital, other than that locked-in as minimum promoters contribution, shall not be applicable to the pre-issue shares held by a Venture Capital Fund or a Foreign Venture Capital Investor provided the shares have been held by the Venture Capital Fund or the Foreign Venture Capital Investor, as the case may be, for a period of at least one year as on the date of filing the Draft Red Herring Prospectus with SEBI.

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 happen after the date of this 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 limits under applicable laws or regulations.

Maximum and Minimum Bid size

a) For Retail Individual Bidders:

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is more than Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, then the same would be considered for allocation under the Non-Institutional Bidders portion. The option to bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Non-institutional Bidders and QIBs Bidders :

The Bid must be for a minimum of such number of Equity Shares that the minimum Bid Amount exceeds Rs. 100,000. Above this minimum Bid Amount, the Bid should be in multiples of 20 Equity Shares. A Bid cannot be submitted for more than the size of the net Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision of bids, the Non-Institutional bidders, who are individuals, have to ensure that the bid amount is greater than Rs. 1,00,000 for being considered for allocation in Non-Institutional portion. In case the bid amount reduces to Rs. 1,00,000 or less due to a revision in bids or revision of price band, Bids by Non-Institutional Bidders who are eligible in the Retail portion would be considered for allocation under the Retail portion. Non-Institutional bidders and QIBs are not allowed to bid at 'Cut-off'.

c) For Employees Reservation Portion:

The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.1,00,000/- may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid under the Employee Reservation Portion cannot exceed 2,00,000 Equity Shares.

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 or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders

- a. The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- b. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Tamil). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX- A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/14/2005/25/1 date January 25, 2005.
- c. The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- d. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from the Registered office of the Company or from the BRLM or from a Syndicate Member or from their websites
- e. Investors who are interested in subscribing to the Company's Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their bid.
- f. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.
- g. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.
- h. The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of the Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Tamil newspapers, and also by indicating the change on the websites of BRLMs and the terminal of the Syndicate Members.
- i. The Price Band has been fixed at Rs. 280/- to Rs. 295/- per Equity Share of Rs. 10/- each, Rs. 280/- being the lower end of the Price Band and Rs. 295/- being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of 20 Equity Shares.
- j. The Company, in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent to 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
- k. The Company, in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper (Tamil). This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band will be published in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper (Tamil) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member

of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids subject to the terms of the Syndicate Agreement and the Red herring Prospectus.

3. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no. 298 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. 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 allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of bids" on page no. 302 of the Red Herring Prospectus.
5. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
6. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page no. 300 of the Red Herring Prospectus.
7. Investors who are interested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

Bids at Different Price Levels and Revision of Bids

1. The price band has been fixed at Rs. 280/- to Rs. 295/- per Equity Share of Rs.10/- each, Rs. 280/- being the floor of the price band and Rs.295/- being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1/-.
2. In accordance with the SEBI guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding/Issue period, by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members, in which case the Bidding Period shall be extended further for a period of three additional working days, subject to the total Bidding / Issue Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi), and one regional newspaper (Tamil) and also indicating the change on the relevant websites of the BRLM and the websites and the terminals of the Syndicate Members.
4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

5. The Bidder can bid at any price within the Price Band. The Bidder can bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off" price. However, bidding at "Cut-off" price is prohibited for QIB or Non Institutional Bidders bidding for more than Rs.100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.
6. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who bid at the Cut-Off price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidder bidding at Cut-Off price shall submit bid – cum – application form along with a cheque / demand draft for the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who bid at Cut-off price, (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees who bid at Cut-off price shall receive the refund of the excess amounts from the respective refund or Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion who had Bid at Cut off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if such Bidders want to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, such Bid by Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective refund or Escrow Account, as the case may be.
9. The minimum application value shall be within the range of Rs. 5600/- to Rs. 5900/-. The Issuer company, in consultation with the BRLM, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures in this regard, in the offer document. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 20 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5000/- to Rs. 7000/-.
10. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 20 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs.5000 to Rs.7000.
11. During the Bidding/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.
12. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being

revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

13. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid.
14. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
15. 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 this Red Herring Prospectus. In case of QIB Bidders, the BRLMs and/or their affiliates, shall collect the payment 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.
16. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which shall act as proof of his or her having revised the previous Bid.**

Option to Subscribe

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount / Margin Amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company and as per Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLM to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph entitled "Payment Instructions" on page 311 of this Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash / stock investments / money order shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund account with the Banker(s) to the Issue as applicable. The balance amount after transfer to the

Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section entitled "Issue Structure" on page 289 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- a. The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- b. The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding / Issue Period. Syndicate Members 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 Member will upload the Bids until such time as permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.
- c. The aggregate demand and price for bids registered on each of the electronic facilities of the BSE and the NSE will be downloaded on a regular half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. This information can be accessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com
- d. At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor category – Individual / Corporate / NRI / FII / Mutual Funds etc.;
 - Number of Equity Shares bid for;
 - Bid Price;
 - Bid-cum-Application Form number;
 - Amount paid on submission of Bid-cum-Application Form; and
 - Depository Participant Identification no. and client identification no. of the demat account of the Bidder
- e. A system generated Transaction Registration Slip (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 Members.** The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.

- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should 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, and Retail Bidders, Bids would not be rejected except on the technical grounds listed page no. 316-317 in the Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by the BSE and NSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLM are cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company
- i. It is also to be distinctly understood that the approval given by the BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or continued to be on the BSE and NSE.
- j. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Date would be uploaded on a regular basis.
- b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus
- c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Tamil) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- e) During the Bidding/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.
- f) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

- h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment 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.
- i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- j) In case of a discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation/Allotment

- a. After the Bid Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss the pricing strategy with the Company.
- b. The Company, in consultation with the BRLM will finalize the Issue Price and the number of equity shares to be allocated in each investor category.
- c. The allotment to QIB Bidders of at least 60% of the Net Issue (including 5% specifically reserved for mutual funds) would be on a proportionate). The allocation to Non-Institutional Bidders of not less than 10% of the Net Issue and Retail Individual Bidders of not less than 30% of the Net Issue would be on a proportionate basis in a manner specified in the SEBI Guidelines, and subject to valid bids being received at or above the Issue Price.
- d. Under-subscription, if any, in any category other than QIB, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLM. However if the aggregate demand by mutual funds is less than 1,09,050 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the Net Issue and allocated in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page no. 317 of this Red Herring Prospectus.
- e. Under-subscription, if any, in the Employee Reservation portion will be added back to the Net Issue and the ratio amongst the investor categories will be at the discretion of the Company and the BRLM. In case of under- subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- f. Allocation to all investors including eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- g. The BRLM and the Company shall intimate 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.
- h. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the allotment without assigning reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- i. The allotment details shall be put on the website of the Registrar to the Issue.

Notice to QIBs: allotment reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and ROC Filing

- a. The Company, the BRLM, and other Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s)/allotment to the Bidders.
- b. After signing the Underwriting Agreement, the Company would update and file the Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Tamil Nadu Chennai, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Tamil) with wide circulation at Chennai.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Tamil) with wide circulation at Chennai. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN) and Allotment for the Issue

- a. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/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 allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- b. The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the

Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

- c. Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- d. The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs".

Designated Date and Transfer of Funds to Public Issue Account

- a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment.
- b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.
- c) After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case the Company fails to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- d) Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- b. Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non resident Bid-cum-Application Form (blue in colour), as the case may be;
- c. Ensure that you Bid only in the Price Band;
- d. Ensure that the details about your depository participant and beneficiary account are correct as shares will be allotted in the dematerialised form only;
- e. Ensure that the DP account is activated;
- f. Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository participant. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the beneficiary 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;
- g. Ensure Bids are submitted at the bidding centres only on forms bearing stamp of the Syndicate Member at the Bidding Centres;

- h. Ensure that you have been given a TRS for all your bid options;
- i. Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- j. Submit the Bid with the applicable Margin Amount. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form, where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. and attach a copy of Form 60 or 61 as the case may be, together with permissible documents as address proof;
- k. QIBs shall submit their bids only to the BRLM or Syndicate Members duly appointed in this regard;
- l. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts:

- a. Do not Bid for lower than minimum Bid size.
- b. Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.
- c. Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a Syndicate Member.
- d. Do not Pay Bid amount in cash. or by money order or by postal order or by stock invest.
- e. Do not Send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.
- f. Do not Bid at cut off price (for QIB Bidder and Non-Institutional Bidders
- g. Do not Fill up the Bid cum Application Form for an amount that exceeds the issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus
- h. Submit Bids accompanied by Stockinvest
- i. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Filling Up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the BRLM or Syndicate Members.

Bids and Revision of Bids

Bids and revisions to Bids must be:

- a. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis and pink colour for eligible employees).
- b. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

- c. 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.
- d. For Retail Individual Bidders, the Bids must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter subject to a maximum Bid amount of Rs. 1 Lakh.
- e. For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000/- and in multiples of 20 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws and regulations.
- f. NRIs for a Bid Price of up to Rs.1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation;
- g. Bids by Non Residents, NRIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- h. For Eligible Employees, the Bid must be for a minimum of 20 Equity Shares and shall be in multiples of 20 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 2,00,000 Equity Shares.
- i. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP-ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number will be provided by them in the Bid cum application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) Hence, Bidders **are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, nor the Company shall have any responsibility and undertake any liability for the same.**

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund order and the demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their DPs.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on the records.

Refund orders / Allocation Advice / CANS would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice 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 Bidders' sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely names of the Bidders (including the order of names of joint holders), the DP's identity and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANS/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

As per the RBI regulations, OCBs are not permitted to participate in the Issue. The DIPP has by its letter dated October 3, 2006 clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI Route and are not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations'.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means a permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date. Eligible employees forming part of Promoter/promoter group are not eligible to be treated as eligible employees

Bids under Employee Reservation Portion by eligible employees shall be:

- a. Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Form).
- b. Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form:
- c. The sole/ first bidder should be Eligible Employees as defined above.
- d. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

- e. Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- f. The Bids must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The allotment in the Employee Reservation portion will be on a proportional basis.
- g. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- h. The maximum bid in this category by any Eligible Employee cannot exceed 2,00,000 shares.
- i. Bid/ Application by Eligible Employees can be made also in the "Net Issue" and such bids shall not be treated as multiple bids.
- j. If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- k. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- l. If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to the section titled "Basis of Allotment" on page no. 317 of this Red Herring Prospectus.
- m. This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details)
3. By eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Individual Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;
4. By other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of 20 thereafter such that the Bid Price exceeds Rs. 100,000.
5. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of 20 thereafter that the Bid Amount exceeds Rs. 100,000.
6. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
7. Refunds dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian

Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company in its absolute discretion, reserves the right to relax the condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLM may deem fit.

Bids made by Insurance Companies

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Mutual Funds

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLM may deem fit.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three).
- **By NRIs** – For a minimum of 20 Equity Shares and in multiples of 20 thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page no. 296 of this Red Herring Prospectus.
- By **FII**s – for a minimum of such number of Equity Shares and in multiples of 20 that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page no. 296 of this Red Herring Prospectus.
- In the names of individuals or in the names of FII or in the names of FVCIs, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FII's, FVCIs registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FII's and FVCIs and all Non-Residents, NRIs, FII's and FVCIs applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

The Company shall open an Escrow Accounts of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. 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 the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account of the Company

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payments into the Escrow Account" on page no. 300) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page no. 289. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member(s) of the Syndicate.
3. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid the Bidder is liable to be cancelled.
4. In case the above margin amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
5. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - a. In case of Resident QIB Bidders: "Escrow Account –Dhanus IPO – QIB - R"
 - b. In case of Non Resident QIB Bidders: "Escrow Account – Dhanus IPO – QIB - NR"
 - c. In case of Resident Retail and Non Institutional Bidders: "Escrow Account – Dhanus IPO - R"
 - d. In case of Non-Resident Retail and Non Institutional Bidders: "Escrow Account – Dhanus IPO - NR"
 - e. In case of Eligible Employees : Escrow Account – Dhanus IPO –Employee"
6. In case of Bids by eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) account of a Non-Resident bidder bidding on a 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 Account.
7. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in 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 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.

8. In case of Bids by FIIs, FVCIs registered with SEBI and the ,multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
9. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
10. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
11. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
12. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders
13. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stock invest/Money Orders/Postal orders will not be accepted
14. Bidders are advised to mentioned the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
15. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stock invest/Money Orders/Postal orders will not be accepted

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Syndicate Member at the time of submitting the Bid-Cum Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge

the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all 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 despatched to his/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/First Bidder is one and the same. Bid/Application by Eligible Employees can be made also in the "Net Issue" and such bids shall not be treated as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. 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.
3. 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 common names. Application with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications
6. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
7. Applications which do not qualify as multiple application as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

The Company and the BRLM reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.**

Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address:

- a. Ration Card
- b. Passport
- c. Driving License
- d. Identity Card issued by any institution
- e. Copy of the electricity bill or telephone bill showing residential address
- f. Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- g. Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

Unique Identification Number ("UIN")

With effect from July1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30,2005, SEBI has approved certain policy decisions have now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000 to Rs.5,00,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.5,00,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however not effective as the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

COMPANY RIGHT TO REJECT BIDS

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs provided the reasons for rejecting the same shall be provided to such bidders in writing. In case of Non Institutional Bidders, Retail Bidders and bids by Eligible Employees bidding in the Employee Reservation Portion, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on *inter-alias*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. 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;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
6. PAN photocopy/PAN communication/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. GIR number furnished instead of PAN;
8. Bids for lower number of Equity Shares than specified for that category of investor;
9. Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band;
10. Bids at cut-off price by a QIB bidder or a Non Institutional Bidder, whose bid amount exceeds Rs. 100,000;
11. Bids for number of Equity Shares, which are not multiples of 20;
12. Category not ticked;
13. Multiple Bids;
14. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/ money order/ postal order/ cash;
16. Signature of sole and / or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or member of the Syndicate;
18. Bid-cum-Application Form does not have the Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
20. 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;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by OCBs;

23. Bids by person who is not eligible to acquire Equity shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page no. 298 of this Red Herring Prospectus;
25. Bids by U.S. persons other than entities that are both "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act, 1933 and "qualified purchasers" under the Investment Companies Act;
26. Bids by QIBs not submitted through members of the Syndicate;
27. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Non-provision of details of bank account for the refund.
30. Bids by employees of the Company not eligible to apply in the Employee Reservation Portion; or
31. Bids under the Employee Reservation Portion for greater than 2,00,000 shares.

Basis of Allotment

A. For Retail Individual Bidders:

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 10,90,500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 10,90,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allotment to QIBs Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 3,63,500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 3,63,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a

minimum of 20 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity Shares remaining un subscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;
 - b. In the second instance allotment to all QIBs shall be determined as follows:
 - a. In the event that the oversubscription 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 up to 95% of the QIB Portion.
 - b. 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.
 - c. The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - d. The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - e. Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be at least 21,81,000 Equity Shares.

For Employee Reservation Portion

- The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.1,00,000 may bid at Cut off Price.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 2,00,000 Equity Shares up to a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate basis of allocation, refer below.
- Under-subscription, if any, in any category other than QIB would be met with spill-over from other categories at the sole discretion of the Company, in consultation with the BRLM.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue Details
1	Issue size	2000 lacs equity shares
2	Allocation to QIB (60%)	1200 lacs equity shares
	Of Which:	
	a. Allocation to MF (5%)	60 lacs equity shares
	b. Balance for all QIBs including MFs	1140 lacs equity shares
3	No. of QIB applicants	10
4	No. of Shares applied for	5000 lacs equity shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders #	No. of shares bid for (in lacs)
1	A1	500
2	A2	200
3	A3	1300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	TOTAL	5000

#A1-A5: (QIB Bidder other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

Type of QIB bidders	Shares bid for	Allocation of 60 lacs Equity Share to MF proportionately (please see note 2 below)	Allocation of balance 1140 lacs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	114.00	0
A2	200	0	45.60	0
A3	1300	0	296.40	0
A4	500	0	114.00	0
A5	500	0	114.00	0
MF1	400	12.00	91.20	103.20
MF2	400	12.00	91.20	103.20

MF3	800	24.00	182.40	206.40
MF4	200	6.00	45.60	51.60
MF5	200	6.00	45.60	51.60
	5000	60.00	114.00	516.40

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page no. 289.
2. Out of 1200 lacs Equity Shares allocated to QIBs, 60 lacs (i.e.5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB
3. The balance 1140 lacs Equity Share (i.e. 1200-60 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 1140 lacs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1toA5)= No. of shares bid for (i.e. in column II) X 114/494
 - 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)]X114/494
 - The numerator and denominator for arriving at allocation of 1140 lacs shares to the 10 QIBs are reduced by 60 lacs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time Schedule for Allotment of Equity Shares

The Syndicate Members have the right to reject the Bid received from QIB at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non- Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment/transfer of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the 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. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the 20 :

The subscription for each portion will be computed separately.

- a. Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000, shall be those which have applied for minimum shares arrived at by multiplying the minimum shares to be allotted by the number of times, the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of times the category is subscribed.
- b. If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

- c. The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- d. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.)

In this context, the following two tripartite agreements have been signed between (Registrars of the Company), the Depositories and the Company:

- i. An Agreement dated February 24, 2006 among NSDL, the Company and the Registrar to the Issue.
- ii. An Agreement dated June 14, 2007 among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the relevant details of his or her depository account are liable to be rejected:

- a. 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.
- b. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- c. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. 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 Bidders).
- e. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to get rejected.
- g. 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.
- h. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- i. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the dematerialized segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch along with details of Depository Participant, where the Bid-cum-Application was submitted and cheque /draft number and issuing bank thereof.

Pre-Issue and Post Issue related problems

Investors can contact the Compliance Officer Mr. V Baskaran, CFO and 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 allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. He may be contacted at :

Mr. V. Baskaran
Chief Financial Officer & Company Secretary
Dhanus Technologies Ltd.
6-B, Mena Kampala Arcade
113/114, Sir Theyagaraya Road
T. Nagar
Chennai – 600 017
Tel.: +91 44 28151135 / 28151635 / 39180735
Fax: +91 44 3918 0789
Email: ipo@dhanus.net
Website: www.dhanus.net

Address of the Registrar:

Cameo Corporate Services Limited

“Subramanian Buildings”,
No. 1, Club House Road,
Chennai 600002
Tel.: +91-44-28460390-28460394
Fax: +91-44-28460129
SEBI Registration No.: INR 000003753
Contact Person: Mr. R.D. Ramasamy
E-mail: dhanus@cameoindia.com
Website: www.cameoindia.com

Letter of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allocations. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. The company shall ensure dispatch of refund orders, if any, of value up to Rs. 1500, 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 15 days of the Bid/Issue Closing Date. Applicants 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 fifteen days of closure of Bid/Issue.

Disposal of Applications and Applications Money

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A

suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall put in its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk and
- The Company shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Payment of Refunds:

Bidders must note that on the basis of name 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 through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Modes of Refund

The Company shall make refunds to applicants using the following modes:

- a. ECS- Payment of refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. 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 above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RIGS. Refunds through ECS may also be done at other locations based on operational efficiency

and in terms of demographic details obtained by Registrar from the depository participants.

- b. Direct Credit- Applicants having bank accounts with the Refund Banker(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 the Company.
- c. RTGS- Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lacs, 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 ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's Bank receiving the credit would be borne by the applicant.
- d. NEFT (National Electronic Fund Transfer)- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
- e. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1500 and through Speed Post/ Registered Post for refund orders of Rs.1500 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 cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.
- f. In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

Dispatch of Refund Orders

The Company shall make refunds to applicants in case of over subscription using the following modes.

- a. In case of applicants not residing in any of the centres specified by the SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as is for the time being permitted by the Reserve Bank of India.
- b. In case of other applicants – by dispatch of refund orders by registered post , where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules) and
- c. In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

Impersonation

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

“Any person who:

- a. Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b. Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name**

shall be punishable with imprisonment for a term which may extend to five years.”

Interest in case of delay in dispatch of allotment letters/refund orders

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in, a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the Issue.

However, applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centers where Bidding terminals were set up to receive Bids from Bidders.

UNDERTAKINGS BY THE COMPANY

The Company undertakes as follows:

- a. that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- b. that all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- c. adequate funds required for making refunds to the unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company.
- d. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund
- e. that the refund orders or allotment advice to the successful bidders shall be despatched within specified time; and
- f. that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b. Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- c. Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- d. The Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of utilisation of the proceeds of the Issue.
- e. The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilization for the purposes described above, the company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, bank deposits and similar securities with banks for necessary duration. Such investment would be in accordance with the investment policies approved by the Board from time to time.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs, FIIs foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public 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.

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the Company's total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. The aggregate holding by FIIs in a company cannot exceed 24% of its issued share capital; however, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

SECTION IX

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Main Provisions of the Articles of Association of Dhanus Technologies Limited

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of Dhanus Technologies Limited pursuant to Schedule II of the Companies Act, and SEBI Guidelines, the main provisions of the Articles of Association of Dhanus Technologies Limited are set forth below:

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

AMOUNT OF CAPITAL

3. The Authorized Share Capital of the company shall be the capital as specified in Clause V of the Memorandum of Association, with power to increase and reduce the Share Capital of the company and to divide the shares in the Capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for time being be provided in the Articles of Association.

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

4. The Company in General Meeting may, from time to time, increase the Capital by the creation of new Shares. Such increase to be of such aggregate amount and to be divided into such shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, or otherwise and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

OFFICE

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

REDEEMABLE PREFERENCE SHARES

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which at or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

ISSUE OF REDEEMABLE PREFERENCE SHARES

7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof, the following provisions shall take effect:

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh Issue of shares made for the purpose of the redemption.
- (b) no such shares shall be redeemed unless they are fully paid.
- (c) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, excepts as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

REDUCTION OF CAPITAL

8. The Company may (subject to the Provisions of Section 78, 80, 100 to capital 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company in General Meeting may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF RIGHTS

10. Whenever the Capital is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is confirmed by a Resolution passed at a separate General Meeting of the holders of shares of that class and supported by the votes of the holders of at least three-fourths of those shares, and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting, but so that the quorum thereof shall be members present in person or by proxy and holding three fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if it were omitted.

SHARES AND CERTIFICATES

REGISTER AND INDEX OF MEMBERS

11. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. 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.

SHARES TO BE NUMBERED PROGRESSIVELY AND NO SHARE TO BE SUBDIVIDED

12. The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

13. FURTHER ISSUE OF SHARES

A.1 Where at any 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 on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on those shares at that date;
- b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
- c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
- d) After the 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 as they may think most beneficial to the company.

A2. Nothing standing anything contained in the sub-clause (1), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner whatsoever.

- (i) if a special resolution to that effect is passed by the company in general meeting; or
- (ii) Where no such special resolution is passes, if the votes cast (Whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution, moved in the general meeting(including the casting vote, if any , of the Chairman) by members who being entitled to do, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members so entitled 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.

A.3 Nothing in sub-clause © of (1) hereof shall be deemed;

- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise 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.

A.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 debenture issued or loan 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

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 government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or raising of the loans.

LIABILITY OF MEMBERS:

- 18. Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES:

- 19. 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 of such certificates within 3 months from the date of allotment, unless the conditions of issue thereof otherwise provide or within 2 month of the receipt of application of registration of transfer, transmission, subdivision, 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 the amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holder shall be sufficient delivery to all such holders.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED:

- 20. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced, worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirement of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other act or the rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to the debentures of the company.

THE FIRST NAMED JOINT HOLDER DEEMED TO BE SOLE HOLDER

21. If any share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations.

COMPANY NOT BOUND TO RECOGNIZE ANY INTEREST IN SHARE OTHER THAN THAT OF REGISTERED HOLDER:

22. Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

BUYBACK OF SECURITIES BY THE COMPANY

23. The Company shall have power, subject to and in accordance with all the applicable provisions of the Act and the rules made there under, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or securities premium account of the Company or proceeds of any shares or other specified securities provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities or from such other sources as may be permitted by Law on such terms, conditions and in such manner as may be prescribed by the Law from time to time in respect of such purchase.

TERM OF ISSUE OF DEBENTURE:

- 23A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of share, attending (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.

UNDERWRITING AND BROKERAGE

COMMISSION MAY BE PAID

24. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued, and in the case of debentures, two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly "in one way and partly in the other.

BROKERAGE

25. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

26. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision 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, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

DIRECTORS MAY MAKE CALLS

27. (a) The Board may, from time to time and subject to the terms on which any shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
- (b) That option or right to call of shares shall not be given to any person except with the sanction of the issuer in general meetings.

NOTICE OF CALLS

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

CALLS TO DATE FROM RESOLUTION

29. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board

CALLS MAY BE REVOKED OR POSTPONED:

30. A call may be revoked or postponed at the discretion of the Board.
- 30A. The option or right to call of shares not be given to any person except with the sanction of the company in general meeting.
31. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

DIRECTORS MAY EXTEND TIME

32. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.

CALLS TO CARRY INTEREST:

33. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest of the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

SUMS DEEMED TO BE CALLS

34. Any sum, which may by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

PROOF ON TRAIL OF SUIT FOR MONEY DUE ON SHARES

35. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member, in respect of whose shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

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

CALLS IN ADVANCE:

37. The directors may, if they think fit, subject to the provisions of section 92 of the act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

COMPANY'S LIEN ON SHARES/DEBENTURES:

38. 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 condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such

shares/debentures. The directors may at any time declare any shares/debentures wholly or in part to be exempt from the provision of this clause.

39. **As to enforcing lien by sale**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell, shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARE

If call or installment not paid notice may be given.

41. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice.

42. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If notice not complied with shares may be forfeited

43. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares -and not actually paid before the forfeiture.

Notice of forfeiture to a member

44. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to become property of the company

45. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit.

Power to annual forfeiture.

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

Liability on Forfeiture

47. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture

48. The forfeiture of a share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the share and all other rights, incidental to the share except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

49. A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date 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 such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

Cancellation of share certificate in respect of forfeited shares.

50. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers.

51. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

Instruments of transfer

52. The instrument of transfer shall be in writing and all provision of section 108 of the companies Act, 1956 and statutory modification there of for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

To be executed by transferor and transferee

53. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).

Transfer books when closed.

54. The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient,

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

55. Subject to the provision 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 refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission as the case may be, was delivered to the Company, send notice of refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Nomination.

56. Every holder of shares in, or Debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.

Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.

Transmission in the name of nominee

57. Any person who becomes a nominee by virtue of the provision of the above Article, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:
- (a) to be registered himself as holder of the shares or debentures, as the case may be; or
 - (b) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee, so becoming entitled, 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 elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate (s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant Shares or Debentures In the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or Debenture holder in relation to meetings of the Company.

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 within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

No transfer to insolvent etc.

58. No share shall in any circumstances be transferred to any insolvent or persons of unsound mind.

Registration of persons entitled to shares otherwise than by transfer (The transmission article)

59. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

Person entitled may receive dividend without being registered as a member

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

Transfer to be presented with evidence of title

61. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

Conditions of registration of transfer

62. For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

Fee on transfer or transmission

63. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of attorney or similar other document.

Company not liable for disregard of a notice in prohibiting registration of transfer.

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

DEMATERIALISATION OF SECURITIES

- 64A. The provisions of this Article shall apply notwithstanding anything to the contrary contained in, any other Articles.

Definitions

1. For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository,

'SEBI' means the Securities & Exchange Board of India; established under Section 3 of the Securities & Exchange Board of India Act, 1992 and

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under

Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt with in accordance with the provisions of the Depositories Act, 1996.

Dematerialization of Securities.

2. The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

Options for investors

3. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

Rights of Depositories and beneficial owners.

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.
(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities, which are held by a depository and shall be deemed to be a Member of the Company.

Service of Documents.

6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities.

7. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with in a depository

8. Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive number of securities held in a depository.

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and index of Beneficial Owners.

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

Power to borrow.

66. The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

Conditions on which money may be borrowed.

67. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future] including its uncalled capital for the time being.

Register of mortgages etc. to be kept.

71. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures, and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118 and 125 and 127 to 144, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may converted to be stock

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

Rights of stockholders

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

MEETING OF MEMBERS

Annual General Meeting Summary

75. With out prejudice to the provisions of section 167 of the Act or any statutory modification thereof, the company shall in addition to any other meeting hold general Meetings which shall be styled the annual general meeting in accordance with the provisions of section 166 of the Act or any statutory modification thereof. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(l) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in' the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Extraordinary General Meeting

76. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-fourth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.

Regulation of the Members to state object of meeting

77. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitioner and be deposited at the office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.

On receipt of requisitions Directors to call meeting and in

Default requisitionists may do so

78. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from default requisitionists the date of deposit of the requisition, the requisitionists, or such of their may do so number as, represents either a majority In value of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the meeting, bid in either case, any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Meeting called by requisitionist

79. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which the meetings are to be called by the Board, but shall not be held after the expiration of three months from the date of the Deposit of the requisition.

Twenty-one days notice of meeting to be given

80. Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary and by whosoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner, hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in the case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid up share capital of the Company as gives a right to vote at the meeting any be convened by a shorter notice. In the case of an Annual General Meeting, I any business other than (I) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors (ii) the declaration of dividend, (III) the appointment of Directors in place of those retiring (iv) the appointment of and f 1xing of remuneration of the Auditors, is proposed to be transacted then in that event there shall be annexed to the notice of the Meeting a statement setting out all materials facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every director, and the Manager (if any). Where any such item of special business relates to or affects any other Company, the extent of shareholding interest in other company of every Director and the Manager, if any, of the Company shall also be set out in the Statement if the extent of such share holding interest is not less than 20 percent of the paid-up share capital of that other company, where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Quorum of General Meeting

83. Five members present in person shall be quorum for a General Meeting.
84. 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.

If quorum not present meeting to be dissolved or adjourned

85. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a. public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the office of the Company is for the time being situate as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

Chairman of General Meeting

86. The Chairman (if any) of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the Chair, then the directors present may choose one of their member to be the Chairman of the meeting. If no director were present or if all the directors present decline to take the chair, then the Members present shall elect one of their member to be Chairman.
87. No business shall be discussed at any General Meeting except the election of a Chairman, while the chair is vacant.

Chairman with consent may adjourn meeting

88. The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned meeting other than the business, left unfinished at the meeting from which the adjournment took place.

Questions at general meeting decided

89. At any General Meeting a resolution put to vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid-up on all the shares conferring that right, and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Chairman's casting vote

90. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Poll if be taken if demanded

91. If a poll is demanded as aforesaid, the same shall, subject to Article 89 Poll if be taken if be taken at such time (not later than forty-eight hours from the time when demanded the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Scrutinizer at poll

92. Where a poll is to be taken, the Chairman of the meeting shall appoint two Scrutinizers as poll Scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a Scrutinizer from office and fill vacancies in the office of Scrutinizer from such removal or from any other cause.

VOTE OF MEMBERS

Members in arrears not to vote

95. No member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the, Company has, and has exercised any right of lien.

Number of vote which a person entitled

96. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to which a person entitled any class of shares for the time being forming part of the Capital of the company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the Company. Provided, however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of subsection (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Vote of joint holders

99. If there be joint holders of any shares, anyone of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto by the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member In whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.

Voting in person or by proxy

100. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.

Votes In respect of shares of deceased and insolvent members

101. Any person entitled under Article 60, to transfer any share may vote at any General Meeting in respect thereof in the same manner, as if he were the registered holder of such shares, provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Appointment of proxy

102. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

104. A member present by proxy shall be entitled to vote only on a poll.

Form of Proxy

106. Every instrument of proxy whether for a specified meeting or otherwise shall, Form of proxy as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Passing of resolution by postal ballot

- 108A. Notwithstanding any thing contained in the foregoing, 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 a postal ballot, instead of transacting the business in general meeting of the company. Where the company decides to pass any resolution by resorting to postal ballot, it shall send a notice to all the shareholders along with the following:

- i) Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
- ii) Postal ballot for giving assent or dissent, in writing by members: and
- iii) Postage prepaid envelope (by Registered Post) for communicating assents or dissents on the postal ballot to the company with a request to the members to send their communications within 30 days from the date of dispatch of Notice.

The Company shall also follow such procedure, for conducting vote by postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.

Minutes of General Meeting and inspection thereof by members

110. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof In books kept for that purpose with their pages consecutively numbered.
- (2) Each page at every such book shall be initiated or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman- within that period, by a Director duly authorised by the Board for the purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meetings.
- (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting
- (a) is or could reasonably be regarded, as, defamatory of any person or
 - (b) is irrelevant or immaterial to the proceeding, or
 - (c) is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

- (7) Any such minutes shall be evidence of the proceedings recorded therein.
- (8) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such

periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

111. 1. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three nor more than twelve.
2. The following are the Promoter Directors of the Company
- i) Mr.A.D.Sudhindra
 - ii) Mr. V.Narayanaswamy
 - iii) Capt. D.S.Srinivasan

Power to appoint ex-officio directors

112. If at any time the Company obtains any loan or any assistance in connection therewith by way of guarantee or otherwise from any person, firm, body ex-officio directors corporate, local authority or public body (hereinafter called "the institution") or if at any time the Company issues any shares, debentures and enters into any contract or arrangement with the institution, whereby the institution subscribes for or underwrites the issue of the Company's shares or debentures or provides any assistance to the Company in any manner and it is a term of the relative loan, assistance, contract or agreement that the institution shall have the right to appoint one or more directors to the Board of the Company, then subject to the provisions of Section 274 of the Act and subject to the terms and conditions of such loan, assistance, contract or arrangement, the institution shall be entitled to appoint one or more director or Directors, as the case may be, to the Board of the Company and to remove from office any director so appointed and to appoint another in his place or in the place of Director so appointed who resigns or otherwise vacates his office, Any such appointment or removal shall be made in writing and shall be served at the office of the Company The director or directors so appointed shall neither be required to hold any qualification share nor be liable to retire by rotation and shall continue in the office for so long as the relative loan, assistance, contract or arrangement, as the case may be, subsists.
- 113A. If the Company at any time have a minimum paid up capital of Rupees Five Crore or such sum as may be prescribed and at least one thousand or more small shareholders, then the company may, suo motto or upon requisition of not less than one tenth of the total number of small shareholders, proceed to appoint a nominee from amongst small shareholders as a Director of the Company. The small 'shareholders' director shall before his appointment, file his consent, to act as a Director, in writing to the Company and the tenure of such appointment shall be three years at a time without retirement by rotation, but shall be eligible for reappointment for another tenure. He shall, however, not be appointed as Managing Director or Whole Time Director under any circumstances and shall be subject to same disqualifications and shall vacate his office on the same grounds as are applicable to other Directors, in pursuance of these Articles. The company shall follow such Rules as may be prescribed by the Central Government in this behalf.

Restrictions on directorship

No small shareholders' director appointed in accordance with the provisions of this Article shall hold office at the same time as "small shareholders' director' in more than two companies.

Appointment of alternate directors

114. The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director when he returns to that State. If the terms of office of the Original Director are determined before he so returns to that state, any provisions in the Act or in

these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Share qualification of directors

116. Until otherwise determined by the Company in General Meeting, a Director shall not be required to hold any shares in the capital of the Company as his qualification

Directors can act before acquiring qualification shares

117. Without prejudice to the restrictions imposed by Section 226 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him within two months from his appointment as a director.

Director's power to fill casual vacancies members

118. Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Remuneration of Directors

119. (1) Subject to the provisions of the Act, a Managing Director, or Managing Remuneration of Directors or Director who is/are in the whole-time employment of the Directors Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (2) Subject to the provisions of the Act, a Director who is neither in the whole-time employment nor a Managing Director, may be paid remuneration either.
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
- (ii) by way of commission if the Company by a special resolution authorised such payment.
- (3) The fees payable to a Director (including a Managing or whole-time Director, if any), for attending a Meeting of the Board or Committee thereof may be in accordance with and subject to the provisions of Section 309 of the Act or such other sum as the Company in General Meeting may from time-to time determine.

Reimbursement of expenses to Directors for meeting of the Board

120. The Board may allow any pay to any director who is not a bonafide resident Reimbursement of the place where the meetings of the Board are ordinarily held and who of expenses to Directors for shall come to such place for the purpose of attending any meeting, such attending meeting sum as the Board may consider fair compensation for travelling, boarding, of the Board lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or resided out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with business of the Company.

Vacation of office of director

122. (1) The office of a Director shall ipso facto be vacated if: -

- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any necessary for his appointment; or
 - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (c) he applies to be adjudicated an insolvent;
 - (d) or he is adjudged insolvent; or
 - (e) he is convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six month or
 - (f) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six month from the last date fixed for the payment of the call; or
 - (g) he absents from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months whichever is the longer, without obtaining leave of absence from the Board; or
 - (h) he or any firm of which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee, security for a loan, from the Company in contravention of Section 295 of the Act; or
 - (i) he acts in contravention of Section 299 of the Act; or
 - (j) he has been removed from office in pursuance of Section 203 of the Act; or
 - (k) by notice in writing to the Company that he resigns his office; or
 - (l) any office or place of profit under the Company or under an) subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate the office.
- (2) Notwithstanding any matter or thing in sub-clauses (d), (e) and 0) of clause (1), the disqualification referred to in those sub-clauses shall not take effect
- (a) for thirty days from the date of adjudication sentence or order; or
 - (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; 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 of.

Disclosure of interest

124. A director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company either himself or along with his relatives holds or hold not more than two per cent of the paid-up share capital in any such other company.

General notice of interest

125. A General Notice given to the Board by the Directors, to the effect that he General notice of is a director or member of a specified body corporate or is a member of a interest specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired of such general notice and no renewal thereof, shall be of effect unless it is given at a meeting the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given

Interested director not to participate or vote in Board's proceeding

126. No director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company if he is in any way whether directly or indirectly concerned or interested such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing here! contained shall apply to:
- (a) any contract of indemnity against any loss that the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.
 - (b) any contract or arrangement entered into or to be entered into with, public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:
 - (i) in his being:
 - (a) a director in such company, and
 - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company
or
 - (ii) in his being a member holding not more than 2% of its paid-up, share capital.

Register of contracts In which directors are interested

127. The Company shall keep a Register in accordance with Section 301(l) - and shall within the time specified in section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company & the names of the bodies corporate and firms of which notice has been given by him under Article 125. The Register shall be kept at the office of the company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provision of Section 163 of the Act shall apply accordingly.

Directors may be directors of companies promoted by the company

128. A Director may be or become a director of any company promoted by the Company or "in which it may be interested as a vendor, shareholder, or otherwise, and no such director

shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 209(6) or Section 314 of the Act may" be applicable.

Retirement and rotation of directors

129. At every Annual General Meeting of the Company, one-third if such of the Directors for the time being as are liable to retire by rotation or if there number is not three or a multiple of three, the number nearest to one-third shall retire from office.

Ascertainment of Directors retiring by rotation and filling of vacancies

130. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but, as between persons who became -directors on the same day, those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.

Retiring Director eligible for re-election

131. A retiring Director shall be eligible for re-election.

Filing up of vacancies at general meeting

132. Subject to Sections 258 and 259 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated off ice by electing a person thereto.

Provision for default of appointment

133. (a) If the place of the retiring Director is not so filled up and the meeting has not expressly, resolved not to fill the vacancy, the meeting shall default of appointment stand adjourned until the same day in the next week, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be so deemed to have been reappointed at the adjourned meeting, unless:
- (i) at that meeting or at the previous meeting the resolution for the reappointment of such Director has been put to the meeting and lost;
 - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so reappointed;
 - (ii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
 - (v) the provision to sub-section (2) of Section 263 of the Act is applicable to the case.

Company may increase or reduce the number of directors

134. Subject to Section 259 of the Act, the Company may, by Ordinary Company may Resolution, from time to time, Increase or reduce the number of directors, and may after their qualifications the Company (subject to the provisions number of Section 284 of the Act) remove any Director before the expiration of his directors period of office and appoint another qualified person in his seat. The person so appointed shall hold

Office during such time as the director in whose place he is appointed would have held the same if he had not been removed.

Notice of candidate for office of directors except in certain cases

135. (1) No person not being a retiring Director, shall be eligible for appointment to the office of director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office.
- (2) Every person (other than a director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.
- (3) A person other than a Director reappointed after retirement by rotation of immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or reappointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors etc and notification of charge to Registrar

136. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

Disclosure by directors of appointment only in other body corporate

137. (a) Every Director (including a person deemed to be a Director by Virtue of the Explanation to sub-section (1) of Section 303 of the Act) Managing Director, Manager, or Secretary of the Company, shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body which are required to be specified under sub-section (1) of Section 303 of the Act.

Disclosure by a Director of his holding of share and debenture of company etc.

- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provision of that section.

MANAGING DIRECTOR

Board may appoint Managing Director or Managing Directors

138. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director or Managing Directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions- of Article 140, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested In the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such

conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act.

Restriction on management

139. The Managing Director or Managing Directors shall not exercise the powers to:
- (a) make calls on shareholders in respect of money unpaid on the shares in the Company;
 - (b) issue debentures and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to
 - (c) borrow moneys, otherwise than on debentures;
 - (d) invest the funds of the Company, and
 - (e) make loans.

Certain persons appointed

140. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole-time Director who
- (a) is an un discharged insolvent, or has at any time been adjudged as insolvent;
 - (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made a composition with them; or
 - (c) is, or has, at any time been convicted by a Court of an offence involving moral turpitude.

Managing Director-Special position of Managing Director

141. A Managing Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 129. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meetings of Directors

142. The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Notice of Meeting

143. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India; to every other Director.

Chairman

145. The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board the Chairman is not present within five minutes after the time appointed, for holding the same, the Directors present shall choose some one of their member to be the chairman of such meeting.

Quorum

146. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 287 of the Act. If a quorum shall not be present within half an hour from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

Matter to be decided on majority of votes

148. Subject to the provisions of Sections 316, 327(4) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and- in case of any equality of votes, the Chairman shall have a second or casting vote.

Power to appoint committee and a delegate

149. The Board may subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may from time to time be imposed upon it by the Board.

Proceeding of committee

150. The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the Article 149.

Resolution without Board Meeting

151. Save in those case where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors, or members of the Committee, at their usual address in India, and has been approved by such of them as are then in India, or by a majority of them as are entitled to vote on the resolution.

Minutes of proceedings of meeting of Board

153. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in the books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (3) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
- (6) The minutes shall also contain
- (a) the names of the Directors present at the meeting; and

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay any charge to the capital account of the Company and Commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act.
- (3) Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in shares, bonds, debentures, mortgages, or other securities of the Company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the firm being or in such manner as they may think fit;
- (6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (7) To appoint any person to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, And of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and, perform any awards made thereon;
- (9) To act on behalf of the. Company in all matters relating to bankrupts and insolvents;
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of Sections 292, 295, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- (13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends,

warrants, releases, contracts and documents and to give the necessary authority for such purpose;

- (14) To distribute by way of bonus amongst the staff of the Company, share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
- (15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section. 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of any, apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or debenture-stock, and without being bound to keep the same, separate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their, discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- (17) Subject to the provisions of the Act to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. Also, from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (18) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company be necessary of expedient of comply with;

- (19) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such Local Boards and to fix their remuneration;
- (20) Subject to Section 292 & 293 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.
- (21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) And for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the share holders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;
- (22) Subject to Sections 294, 294A, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, and to execute and do all such, acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- (23) Subject to the provisions of Companies Act, 1956, the Board may pay such remuneration to Chairman/Vice Chairman of the Board upon such conditions as they may think fit.

THE SECRETARY

Secretary

156. The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the Board comprises only three Directors, neither of them shall be the Secretary. The Secretary appointed by the directors pursuant to this Article shall be a whole-time Secretary. The Directors may also at any time appoint some person, who need not be Secretary, to keep the registers required to be kept by the Company.

THE SEAL

The seal its custody and use

157. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

- (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

158. Every Deed or other instrument, to which the seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share Certificate, the Seal shall be affixed in accordance with the Article 19(a).

DIVIDENDS

Division of profits

159. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

The company in general meeting may declare a dividend

160. The Company in General Meeting may declare dividends to be paid to The company in members according to their respective rights, but no dividend shall exceed general meeting may declare a the amount recommended by the Board, but the company in general meeting dividend may declare a smaller dividend.

Dividend only to, be paid out of profits

161. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that ;

- (a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
- (b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.

Interim dividend

162. The Board may, from time to time, pay to the Members such interim Dividend as in their judgment, the position of the Company justifies.

Payment of pro rata dividend

164. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Dividend to be kept in abeyance

165. The Board may retain the dividends payable upon shares in respect of which any person is under the Article 60 entitled to become a member or which any person under that Article is entitled to transfer; until such a person shall become a member, in respect of such shares or duly transfer the same.

Deduction of money owed to the company

167. No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Rights to dividend where shares transferred

168. A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.

Manner of paying dividend

169. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holdings. Every such cheque or Warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

Non-forfeiture of unclaimed dividend

170. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the company shall comply with the provision of Sections 205A and 205C of the Act in respect of all unclaimed or unpaid dividends.

Dividend may be set off against calls

171. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend and the dividend may, if so arranged between the Company and the member, be set off against the calls.

- 171 A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank to be called "Dhanus Technologies Limited-unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of 7 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 205 C of Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

CAPITALISATION OF RESERVES

Issue of Bonus Shares

172. Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the

Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures, or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Utilization of undistributed capital profits

173. A General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Directors to keep true accounts

175. (1) The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act, with respect to
- (a) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
 - (b) all sales and purchases of goods by the Company.
 - (c) the Assets and liabilities of the Company.
- (2) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
- (3) The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
- (4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.
- (5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

Places of keeping accounts

176. The Board shall from time to time determine whether and to what extent and at what times and place and under what conditions are regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no person (not being a member) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board.

Laying of accounts before Annual General Meeting

177. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in

General Meeting, such Balance Sheets, Profit and Loss Account and Reports as are required by these Sections

Accounts when to be sent

178. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex facie are payable to the bearer thereof); to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

AUDIT

Accounts to be audited

179. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

First auditor or auditors

180. The First Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the Meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

Secretarial auditor

The aforesaid provisions shall mutatis mutandis apply to any Secretarial Auditor appointed under the relevant provisions of the Act.

DOCUMENTS AND NOTICES

Service of documents and notice

181. (1) A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.
- (2) Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so; service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

Notice to whom served

183. A document or notice may be served or given by the Company on or given to the joint-holders of a share by serving or giving the document or notice on or to the joint-holders named first in the Register of Members in respect of the share.

Document or notice to be signed

187. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

WINDING UP

Liquidators powers

189. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the Contributories in specie any part of the assets of the Company and may with the like sanction; vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Person when to be indemnified by the company

190. Every Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceeding, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of Act, in which relief is granted to him by the Court.

SECRECY

No member to enter the premises of the company without permission

191. Subject to the provisions of these Articles and the Act no member, or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade-secret, mystery, of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors will be inexpedient in the interest of the Company to communicate.'

SECTION X

OTHER INFORMATION

i. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by Dhanus Technologies Limited or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material contracts have been entered into or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, shall be delivered to the Registrar of Companies, Tamil Nadu, Chennai, for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of Dhanus Technologies Limited at 6-B, Mena Kampala Arcade, 113/114, Sir Theyagaraya Road, T. Nagar, Chennai - 600 017 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Red Herring Prospectus till the Closing Date of the Issue.

Material Contracts

- i. Memorandum of Understanding dated February 24, 2007 entered into by the Issuer Company with SREI Capital Markets Ltd., to act as Book Running Lead Manager to the Issue.
- ii. Letter of Appointment dated August 23, 2005 from the Issuer Company appointing SREI Capital Markets Limited as Book Running Lead Manager to the Issue.
- iii. Memorandum of Understanding dated January 27, 2007 entered into by the Issuer Company with Cameo Corporate Services Limited, to act as Registrar to the Issue.
- iv. Letter of Appointment dated January 27, 2007 from the Issuer Company appointing Cameo Corporate Services Limited as Registrar to the Issue.
- v. Engagement Letter dated September 25, 2006 to M/s Deltaa Legal Associates (formerly Delta Legal Service), appointing them as Legal Advisor to the Issue.
- vi. Agreement for Software Export Technology Park dated March 23, 2006.
- vii. Tripartite Agreement dated February 24, 2006 between the Company, NSDL and Cameo Corporate Services Limited.
- viii. Tripartite Agreement dated June 14, 2007 between the Company, CDSL and Cameo Corporate Services Limited.
- ix. Copy of the 'Agreement of Sale' dated May 7, 2005 entered into by the Issuer Company for purchase of property.
- x. Escrow Agreement dated 27th August, 2007 between the Company, the BRLM, the Escrow Collection Banks, the Syndicate Member(s) and the Registrar to the Issue.
- xi. Syndicate Agreement dated 27th August, 2007 between the Company, the BRLM, and the Syndicate Member(s)

Documents for Inspection

- i. Memorandum and Articles of Association of Dhanus Technologies Limited, as amended from time to time.
- ii. Certificate of Incorporation dated April 2, 1993.
- iii. Fresh Certificate of Incorporation dated August 7, 2000 consequent upon change of name from Wantech Communications Private Limited to Dhanus E-Com Private Limited.
- iv. Fresh Certificate of Incorporation dated September 18, 2000 consequent upon conversion into public limited company from Dhanus E-Com Private Limited to Dhanus E-Com Limited.
- v. Fresh Certificate of Incorporation dated June 25, 2004 consequent upon change of name from Dhanus E-Com Limited to Dhanus Technologies Limited.
- vi. Resolution Passed by the Board of Directors at their meeting held on September 25, 2006 and later on July 20, 2007 for the proposed Public Issue.
- vii. Special Resolution passed by the shareholders of the Company at the AGM held on December 29, 2006 and later on August 27, 2007, pursuant to Section 81 (1A) of the Companies Act, 1956.
- viii. Initial listing applications dated March 23, 2007 filed with both BSE and NSE.

- ix. Copies of Annual Report of Dhanus Technologies Ltd. for the years ended 30th June 2003, 30th June 2004, 30th June 2005, 30th June 2006 and, 30th June 2007.
- x. Auditor's Report on the Restated financial statements dated July 20, 2007 and included in the Red Herring Prospectus.
- xi. Sanction letter(s) of Term loan and Working Capital facilities of the Company.
- xii. Car Loan sanction letter.
- xiii. Consents of the Directors, Company Secretary, Compliance Officer, Auditors, Book Running Lead Manager, Registrar to the Issue, Bankers to the Company, Bankers to the Issue, and Legal Advisor to the Issue, as referred to, to act in their respective capacities.
- xiv. Tax Benefit Certificate dated July 20, 2007 from M/s P.C. Acharya & Company, Chartered Accountants, Statutory Auditors of the Company.
- xv. Copy of the Auditors Certificate dated July 20, 2007 from M/s P.C. Acharya & Company, Chartered Accountants regarding the Sources and Deployment of Funds as on July 20, 2007.
- xvi. Copies of the Resolutions passed at the Annual/Extra Ordinary General Meeting of the shareholders held on 6.10.2005, 23.1.2006, and 29.12.2006 confirming the appointment and remuneration of Mr. A.D. Sudhindra as Executive Chairman; on 15.5.2002, 6.10.2005, and 23.1.2006, and 29.12.2006 confirming the appointment and remuneration of Mr. V. Narayanaswamy as Managing Director; on 6.10.2005, 23.1.2006, and 29.12.2006 confirming the appointment and remuneration of Capt. D.S. Srinivasan as Joint Managing Director; and on 29.12.2006 confirming the appointment and remuneration of Mr. S. Muthukrishnan as Director (Marketing). Copy of Board resolution dated March 17, 2007 appointing Mr. V. Narayanaswamy as Managing Director for a period of three years beginning May 15, 2007.
- xvii. Copy of the Quotation dated December 26, 2006 received from M/s Olevia Constructions Pvt. Ltd., # K, Divya Complex, Block III, Nerkundram Pathai, Vadapalani, Chennai – 600 026 for construction of the proposed building.
- xviii. Copies of Quotations obtained for purchase of equipments.
- xix. In-principle listing approvals received from BSE dated April 24, 2007, and from NSE dated June 18, 2007.
- xx. General Power of Attorney dated March 17, 2007 executed by the Directors in favour of Mr. V. Narayanaswamy, Managing Director, for signing and making necessary changes in the Red Herring Prospectus.
- xxi. Legal Advisor's Due-Diligence Certificate dated March 14, 2007.
- xxii. Due Diligence Certificate dated March 16, 2007 to SEBI from SREI Capital Markets Ltd.
- xxiii. SEBI Observation Letter no. CFD/DIL/SM/ISSUES/97546/2007 dated June 28, 2007.
- xxiv. Reply to SEBI's observations vide letter dated 25th August, 2007.
- xxv. Resolution of the Members of the Company passed at the AGM held on December 29, 2006 appointing M/s P.C. Acharya & Company, Chartered Accountants, Chennai, as statutory auditors.
- xxvi. Copies of forms along with relevant resolutions regarding increase in the Authorised Share Capital.
- xxvii. Copy of the Board Resolution approving the Draft Red Herring Prospectus, the Red Herring Prospectus and the Board resolution towards allotment of 3,65,000 Equity Shares in the Pre-IPO placement.
- xxviii. Extracts of Industry information used in this Red Herring Prospectus.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

ii. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. A.D. Sudhindra, *Chairman*

Mr. V. Narayanaswamy, *Managing Director*

Capt. D.S. Srinivasan, *Joint Managing Director*

Mr. S. Muthukrishnan, *Director (Marketing)*

Mr. S. Manoharan, *Director*

Mr. G. Rathan Kumar, *Director*

Mr. Parag Keshar Bhattacharjee, *Director*

Mr. R. Venkatraman, *Director*

Mr. R. Radhakrishna, *Director*

Mr. T.S. Srinivasan, *Director*

Signed by Mr. V. Baskaran, *Chief Financial Officer & Company Secretary*

Place: Chennai

Date : August 28, 2007