

## INTRASOFT TECHNOLOGIES LIMITED

Our Company was incorporated on February 27, 1996 in Kolkata as a private limited company under the Companies Act, 1956 with the Registrar of Companies, West Bengal. Our Company was deemed to be a public limited company under Section 43A (1B) of the Companies Act, 1956 with effect from July 6, 2000 and consequent to the amendment of Section 43A of the Companies Act, our Company ceased to be a public limited company with effect from March 13, 2002. With effect from April 1, 2006, our Company became a public limited company and the name of our Company was changed to Intrasoft Technologies Limited with effect from October 16, 2007. For details of changes in the name and registered office of our Company, see "History and Corporate Structure" on page 74.

**Registered Office:** Fifth Floor, No.145, Rash Behari Avenue, Kolkata 700 029, West Bengal, India

**Company Secretary and Compliance Officer:** Rajendra Kumar Chotia; **Tel:** +91 33 2464 3306; **Fax:** +91 33 2464 6584

**Email:** ipo@itlindia.com; **Website:** www.123greetings.com

**PROMOTERS: OUR COMPANY IS PROMOTED BY ARVIND KAJARIA AND SHARAD KAJARIA**

**PUBLIC ISSUE OF 37,00,000 EQUITY SHARES OF Rs. 10 EACH OF INTRASOFT TECHNOLOGIES LIMITED ("ITL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING TO Rs. [●] LAKHS (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 25.12% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.**

**PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH. THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE FLOOR PRICE AND [●] TIMES THE FACE VALUE AT THE CAP PRICE.**

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

The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is Rs. 10 each. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value.** The Issue Price (has been determined and justified by the BRLMs and our Company as stated under the paragraph on "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after they are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

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

### IPO GRADING

This Issue has been graded by [●] as [●], indicating [●] through its letter dated [●]. For details see "General Information" on page 21 and refer to "IPO Grading Report" on page 315.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

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

### BOOK RUNNING LEAD MANAGERS



#### COLLINS STEWART INGA PRIVATE LIMITED

A-404, Neelam Centre Hind Cycle Road, Worli,  
Mumbai 400 030, Maharashtra, India  
Tel: +91 22 2498 2919;  
Fax: +91 22 2498 2956  
Email: itl.ipo@csinga.com  
Website: www.csinga.com  
Contact Person: Venkata Raveendra R /  
Shruti Vishwanath



#### ANAND RATHI ADVISORS LIMITED

11<sup>th</sup> Floor, Times Tower, Kamala City  
Senapati Bapat Marg, Lower Parel  
Mumbai 400 013, Maharashtra, India  
Tel : +91 22 4047 7000  
Fax: +91 22 4047 7070  
Email: itl@rathi.com  
Website: www.rathi.com  
Contact Person: Akshay Bhandari / Rajesh Biyani

### REGISTRAR TO THE ISSUE



LINK INTIME INDIA PVT LTD  
(Formerly INTIME SPECTRUM REGISTRY LTD)

#### LINK INTIME INDIA PRIVATE LIMITED

C13, Pannalal Silk Mills Compounds,  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078, Maharashtra, India  
Tel: +91 22 2596 0320; Fax: +91 22 2596 0329  
Email: intrasoft.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Sachin Achar

### ISSUE PROGRAMME

**BID/ISSUE OPENS ON : [●]**

**BID/ISSUE CLOSES ON : [●]**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Term	Description
“Intrasoft Technologies Limited”, or “the Issuer”	Refers to Intrasoft Technologies Limited, a public limited company incorporated under the Companies Act, 1956
“we”, “us”, “our”, “the Company” or “our Company”	Unless the context otherwise requires, “Intrasoft Technologies Limited” and its Subsidiaries on a consolidated basis

### Conventional and General Terms

Term	Description
Act/Companies Act	Companies Act, 1956, as amended
Berne Convention	Berne Convention for the Protection of Literary and Artistic Works
Copyright Act	Copyright Act, 1957, as amended
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended
DP/ Depository Participant	A depository participant as defined under the Depositories Act
EPF Act	Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended
EPS	Earnings Per Share
ESI Act	Employees State Insurance Act, 1948, as amended
FEMA	Foreign Exchange Management Act, 1999, as amended
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FERA, 1973	Foreign Exchange Regulation Act, 1973, as amended
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FTP	Foreign Trade Policy, 2009
FVCI	Foreign Venture Capital Investors registered with SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Information Technology Act	Information Technology Act, 2000, as amended
Memorandum/MoA	Memorandum of Association of our Company
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
Patents Act	The Patents Act, 1970
P/E Ratio	Price/Earnings Ratio
RBI Act	Reserve Bank of India Act, 1934, as amended
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contract Regulation Rules, 1957, as amended
SEBI	Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Securities Act	US Securities Act of 1933, as amended
Singapore GAAP	Generally Accepted Accounting Principles in Singapore
SGD / SG\$	Singapore Dollar
State Government	The government of a state of Union of India
Stock Exchanges	The NSE and the BSE
STP Scheme	Software Technology Parks Scheme

Term	Description
STPI	Software Technology Park of India
TAN	Tax Deduction Account Number
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
Trade Marks Act	Trade Marks Act, 1999, as amended
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US\$	United States Dollars

#### Issue Related Terms

Term	Description
Allotment/Allot	The allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	A successful Bidder to whom Equity Shares are being / have been Allotted
ASBA / Application Supported by Blocked Amount	An application for subscribing to a public issue or rights issue, along with an authorisation to Self Certified Syndicate Bank to block the application money in a bank account
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Resident Retail Individual Bidder who intends to apply through ASBA and (i) is bidding at Cut-off Price, with a single option as to the number of Equity Shares; (ii) is applying through blocking of funds in a bank account with the SCSB; and (iii) has agreed not to revise his/her Bid
ASBA Public Issue Account	A bank account of our Company, under Section 73 of the Companies Act where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders
Banker(s) to the Issue	[•]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Procedure” on page 221
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares at Cut-off Price
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
Bid/Issue Opening Date	The date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process	The process undertaken to elicit demand and to assess the price for determination of the quantum or value of specified securities in accordance with the SEBI Regulations
Book Running Lead Managers/BRLMs	The merchant bankers appointed by our Company to undertake the Book Building Process. The Book Running Lead Managers to the Issue are Collins Stewart Inga Private Limited (CSIN) and Anand Rathi Advisors Limited (Anand Rathi)
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of

Term	Description
	the Issue Price in accordance with the Book Building Process, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees
Designated Stock Exchange	The recognised stock exchange in which Equity Shares of our Company are proposed to be listed and for the purposes of this Issue, [●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated November 2, 2009 filed with SEBI and issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares
Equity Shares	Equity shares of our Company of Rs. 10 each
Escrow Account (s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Registrar, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The bank(s) which is a/ are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted including any revisions thereof
Investor Grievance cum Share Transfer Committee	Committee of our Board consisting of Deepak Narottamdas Kanabar, Vishal Agarwal and Arvind Kajaria
Initial Public Offer / IPO	The offer of Equity Shares by our Company to the public for subscription
IPO Committee	Committee of our Board consisting of Arvind Kajaria, Sharad Kajaria, Deepak Narottamdas Kanabar, Vishal Agarwal and Rupinder Singh
Issue	This public issue of 37,00,000 Equity Shares at the Issue Price by our Company
Issue Price	The final price at which Equity Shares will be issued and Allotted to the Bidder, in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be between 10% to 100% of the Bid Amount, as applicable
Mutual Fund Portion	5% of the QIB Portion equal to a minimum of 5% Equity Shares available for allocation to Mutual Funds only on a proportionate basis
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Net Proceeds	Proceeds of the Issue that are available to our Company, excluding the Issue related expenses

<b>Term</b>	<b>Description</b>
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non Institutional Portion	The portion of the Issue being not less than 15% Equity Shares available for allocation to Non Institutional Bidders
Pay-in Date	Except with respect to ASBA Bidders, the Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Except with respect to ASBA Bidders, those 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 With respect to Bidders, whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the last date specified in the CAN
Price Band	Price band of a minimum Floor Price of Rs. [●] and a maximum Cap Price of Rs. [●] respectively including revisions thereof. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the Book Running Lead Managers and advertised at least two working days prior to the Bid/Issue Opening Date in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Bengali language
Pricing Date	The date on which our Company in consultation with the BRLMs will finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, 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 on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable by QIBs at the time of submission of their Bid
QIB Portion	The portion of the Issue being at least 18,50,000 Equity Shares to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; and (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
Red Herring Prospectus/RHP	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Banker(s)	The bank(s) which is a/ are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]
Registrar/ Registrar to the Issue	Registrar to the Issue in this case being Link Intime India Private Limited
Resident Retail Individual Bidder	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has Bid for Equity Shares for an amount not more than Rs. 1,00,000 in any of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs and Eligible NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being not less than 12,95,000 Equity Shares available for allocation to Retail Bidder(s)

<b>Term</b>	<b>Description</b>
Revision Form	The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
SCSB Agreement	The agreement to be entered into among the SCSBs, the BRLMs, the Registrar to the Issue and our Company only in relation to the collection of Bids from the ASBA Bidders
Self Certified Syndicate Bank/ SCSB	A banker to an issue registered with SEBI, which offers the facility of Application Supported by Blocked Amount
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement among the Syndicate, our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue
Syndicate Members	[•]
TRS/ Transaction Registration Slip	The slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on or after the Pricing Date

### **Issuer and Industry Related Terms**

<b>Term</b>	<b>Description</b>
AoA/ or Articles of Association	Articles of Association of our Company, as amended
Amended and Restated Investor Rights Agreement	Agreement dated October 12, 2009, entered between our Company and Intel providing the amended and restated terms of the Investor Rights Agreement
Amended and Restated Shareholders Agreement	Agreement dated October 12, 2009, entered among our Company, its Promoters and Intel, providing the amended and restated terms of the Shareholders Agreement
Audit Committee	Committee of our Board consisting of Vishal Agarwal, Rupinder Singh and Arvind Kajaria
Auditor	The statutory auditors of our Company, K.N. Gutgutia & Co.
Board/ Board of Directors	Board of Directors of our Company, or a committee thereof duly constituted
CCPS	Series A convertible cumulative participating preference shares of our Company
Group Companies	Includes those companies, firms and ventures disclosed in the section “Group Companies” on page 93, promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act
Independent Director	Any of the independent directors of our Company, viz. Amitava Ghose, Deepak Narottamdas Kanabar, Vishal Agarwal and Rupinder Singh
Intel	Intel Capital (Mauritius) Limited
Intel Agreements	Share Subscription Agreement, Shareholders Agreement and Investor Rights Agreement
Investor Shares	Equity shares held by Intel in our Company including those arising from the conversion of 2,55,805 CCPSs into Equity Shares
Investor Rights Agreement	Agreement dated December 24, 2007 entered among our Company and Intel
Key Managerial Personnel	The individuals described in “Our Management – Key Management Personnel” on page 80
Promoter Group	Such persons and entities constituting our promoter group pursuant to Regulation 2(zb) of the SEBI Regulations
Promoters	Arvind Kajaria and Sharad Kajaria
Remuneration Committee	Committee of our Board consisting of Rupinder Singh, Vishal Agarwal and Arvind Kajaria
RoC	Registrar of Companies, West Bengal (Kolkata)
Scheme of Amalgamation	The amalgamation sanctioned by the High Court of Calcutta dated June 20, 2007 and the High Court of Bombay dated May 4, 2007, sanctioning a Scheme of Amalgamation of One Two Three India.com Limited with our Company
Share Subscription Agreement	Agreement dated December 24, 2007, entered among our Company with its Promoters and Intel, providing for Intel’s purchase of 2,55,805 CCPSs of our Company and 1,000 Equity Shares of our Company
Shareholders Agreement	Agreement dated December 24, 2007 entered among our Company, the Promoters and Intel
Subsidiaries	Subsidiaries of our Company, i.e. 123Greetings.com, Inc., One Two Three Greetings (India) Private Limited and 123 Greetings (Singapore) Pte Limited.
Unique Visitor	Every different individual that visited any content of a website, a category, a

Term	Description
	channel, or an application during the reporting period
Website	www.123greetings.com

#### Abbreviations

Term	Description
CDN	Content Delivery and Distribution Network
CPA	Cost-Per-Action
CPC	Cost-Per-Click
CPM	Cost-Per-Mille / Cost-Per-Thousand impressions
DDoS	Distributed Denial of Service
DNS	Domain Name Server
DP ID	Depository Participant's Identity
DTA	Domestic Tariff Area
E-commerce	Electronic Commerce
EOU	Export Oriented Units
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
HTML	Hyper-Text mark-up Language
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IGAAP	Generally Accepted Accounting Principles Internationally
IP	Intellectual Property
IT	Information Technology
MAT	Minimum Alternate Tax
MSN	Microsoft Network
NASSCOM	National Association of Software and Services Companies
NFE	Net Foreign Exchange
NSE	National Stock Exchange
PAN	Permanent Account Number
PC	Personal Computer
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Sec.	Section
SLM basis	Straight Line Method Basis
SQL	Structured Query Language
Trust	Intrasoft Beneficiary Trust
UCC	Universal Copyright Convention, 1952
UK	United Kingdom
US/USA	United States of America
WDV	Written Down Value



## **CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP and the SEBI Regulations, which are included in this Draft Red Herring Prospectus.

Our Fiscal year commences on April 1 of each year and ends on March 31 of the next year. All references to a particular Fiscal year are to the 12 month period ended March 31 of that year and all references to June 30, 2009 are to the three month period from April 1, 2009 to June 30, 2009. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

The Financials of our Subsidiaries in the United States and Singapore are audited in accordance with United States GAAP and Singapore GAAP respectively.

There are significant differences among Indian GAAP, IFRS, US GAAP and Singapore GAAP. Our Company urges you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India and all references to the "US", "USA", or the "United States" are to the United States of America, its territories and possessions.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP.

All calculations of revenues by advertiser's geography while representing overseas advertising revenues as percentages of total operational revenues are based on the Subsidiary which bills the advertiser.

### **Currency and units of Presentation**

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 United States Dollars, the official currency of the United States of America. All references to "SGD" or "SG\$" are to Singapore Dollars, the official currency of Singapore. In this Draft Red Herring Prospectus our Company has presented certain numerical information in "Lakhs" units. One Lakh represents 1,00,000. In relation to industry and market data, certain numerical information is presented in "millions" and "billions" units.

### **Exchange Rates**

This Draft Red Herring Prospectus contains translations of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Regulation VIII (H) under Schedule VIII of the SEBI Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Unless, otherwise stated, our Company has in this Draft Red Herring Prospectus used the following conversion rates for USD and SGD:

Financial period		USD		SGD		In Rs.
		Closing Rate	Average Rate	Closing Rate	Average Rate	
Three	month period	47.90	48.33	32.97	33.03	

ending June 30, 2009				
Fiscal 2009	50.55	45.85	33.19	31.82
Fiscal 2008	40.16	39.55	29.21	26.73
Fiscal 2007	43.38	45.13	-	-
Fiscal 2006	44.60	44.30	-	-
Fiscal 2005	43.74	44.95	-	-

Source: HDFC Bank Limited

Such translations should not be considered as a representation that such U.S Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and third party 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 our Company believes that the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while are believed by us to be reliable, have not been verified by any independent sources.

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

### Usage Information

Unless stated otherwise, all information in relation to usage statistics and internet traffic data of our Website and our peer group are based on the information collected by comScore Media Metrix and are based on the peer group classifications and methodologies used by them. comScore Media Metrix, uses the following measures while collecting data:

**Ranking:** All rankings amongst electronic greeting card websites are between those websites or properties categorised by comScore Media Metrix as electronic greeting card websites;

**Total Unique Visitors:** The estimated number of different individuals that visited any content of a website, a category, a channel, or an application during the reporting period; and

**% Reach:** % Reach is defined as the percent of Total Internet Universe accounted for by total site unique visitors. Reach percentage can also be shown for target markets (cells) comprised of specific demographic groups.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “future”, “intend”, “may”, “plan”, “project”, “shall”, “will”, “will continue”, “will seek to” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. General economic and business conditions in India, the United States and other countries;
2. Our ability to successfully implement our strategy, growth and expansions plans and technological initiatives;
3. Our ability to maintain and improve our user base;
4. Our ability to respond to technological changes;
5. Unanticipated cancellations, non-renewal of the contracts by our advertisers and our ability to acquire new advertisers;
6. Unanticipated attrition and the time required to hire, train and productively utilize our new employees;
7. Our ability to keep our Website operational at a reasonable cost and without service interruptions;
8. Changes in the laws and regulations relating to the industry in which we operate;
9. Changes in the monetary and/or fiscal policies of the Government of India or the Government of United States, inflation, deflation, foreign exchange rates, unanticipated turbulence in interest rates;
10. Occurrence of any natural disasters or calamities affecting the areas in which we have operations; and
11. Changes in political and social conditions in India and the United States.

For further discussion of factors that could cause our actual results to differ from our expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages x, 54 and 179 respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in the offering involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below and Financial Information on page 97, before making an investment in our Equity Shares. You should read this section in conjunction with “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 54 and 179 respectively, as well as the other information contained in this Draft Red Herring Prospectus. If any one or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Draft Red Herring Prospectus.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See “Forward-Looking Statements” on page ix. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

### **Internal Risk Factors**

- 1. Our revenues are difficult to predict and do not arise from our users directly. This may adversely affect our Company’s business, financial condition and results of operations.***

While our Website offers services to our users, our revenues are derived from our advertisers who advertise on our Company’s websites. Our Company does not earn any subscription-based or membership-based revenue from our users. Our Company’s expenditure and efforts in providing services to our users may not yield proportionate revenue from our advertisers. Further, a portion of our Website revenues are dependent on the actions and individual choices of our users in either navigating through the pages containing advertisements or clicking on the advertisements over which we have no control. Therefore, our revenues are difficult to predict.

Further, internet traffic is highly dependent on the current interests of internet users and the popularity of the visited site or service. The interests and trends of internet users are highly dependent on the prevalent popular culture and may vary frequently and suddenly. Our business is focussed entirely on electronic greeting cards and any decrease in popularity of electronic greeting cards would affect internet traffic and thereby our Company’s business, financial condition and results of operations. Even if we receive user traffic, our revenues would further depend on our ability to monetize the same through arrangements with advertisers whereby we are able to capitalize on our user traffic, position and market advertisement spaces efficiently and obtain payments from our advertisers at increased rates which are commensurate to the user traffic on our website.

Advertisers will not continue to do business with us if their investment in advertising with us does not generate sales leads, and ultimately customers, or if we do not deliver their advertisements in an appropriate and effective manner. If we are unable to remain competitive and provide value to our advertisers, they may stop placing advertisements, which would negatively affect our revenues and business.

- 2. The advertiser contracts of our Company are short-term agreements and can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.***

Our advertiser contracts are typically non-exclusive advertisement agreements. Most of the advertisement contracts are short-term agreements and can be terminated with or without cause, with two to seven days notice and without termination related penalties. Additionally, the service agreements with advertisers are without any commitment to a specific volume of business or

future work or renewal for subsequent terms. Our business is dependent on the decisions and actions of our advertisers, and there are a number of factors relating to our advertisers that are outside our control that might result in the termination of a contract and the loss of an advertiser. The advertisers may demand price reductions, change their advertising strategy or move their business to our competitors. Any of these factors could adversely affect our revenues and profitability.

3. ***Our Company's revenues are highly dependent on overseas users and advertisers. Economic slowdowns and other factors that affect the economic health of their respective economies may affect our business.***

A significant proportion of our revenues are derived from overseas advertisers. In the three month period ended June 30, 2009 and in Fiscal 2009, 2008 and 2007, 58.13%, 68.42%, 79.07% and 93.87% of our operating income were derived from overseas advertisers of which the United States constitutes 57.29%, 67.26%, 78.54% and 93.87% of our operating income for the three month period ended June 30, 2009, Fiscal 2009, 2008 and 2007, respectively. This calculation of revenues by advertiser's geography is based on the Subsidiary which bills the advertiser. Consequently, in the event of any slowdown in the global or U.S. economy or any reduction in the advertising spending or any such slow down or reduction in the United States may negatively affect our Company's business, financial condition and results of operations.

Economic developments outside India may adversely affect the economy and our business. Since the second half of 2007, the global credit markets have experienced, and may continue to experience, significant volatility which has originated from the adverse developments in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the recent collapse of a number of financial institutions, has led to consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally.

There has consequently been an adverse impact on the spending power of companies and companies have increasingly become conservative in their expenditure. Advertising expenditure forms part of discretionary expenditure of most for our advertisers. They are trying to reduce costs and may decide to reduce their expenses towards advertising, especially if they feel such expenditure will not guarantee a return. Any such reduction in advertising revenue would adversely impact the results of our operations and our revenues.

4. ***Our services are technology driven and any breakdown of our technical systems or any third party system failures and internet disruptions could adversely impact our business.***

Due to the nature of our business, any technical failure or malfunctions relating to, any of our technical systems including hardware or software, network links with third-party systems, any corruption or loss of our electronically stored data or computer virus attacks, or interruptions in power supply could disrupt our functioning, result in the corruption of our data and security breaches, and thereby adversely impact our business.

We rely on third party service providers for network infrastructure, hosting services and applications to make our content available online to our users. Any sudden surges in user activity, heavy internet traffic, congestion or disruption in any of the hosting or network services provided by third parties or any elongated internet disruptions or any damage to network infrastructure, especially during periods seeing increased user activity, could disrupt our functioning, result in the corruption of our data and thereby adversely impact our business.

We are also at risk of virus attacks, denial of service attacks, distributed denial of service attacks, and other interruptions on our content and systems, the systems of our third party service providers and related internet network infrastructure. Even if none of our content and systems or those of our service providers are affected, the spread or outbreak of any major virus or malicious code may result in decreased internet traffic and increased regulatory mechanisms, both of which would adversely impact our business.

Such disruptions in service especially in peak periods where we see increased user activity could

impact our relationship with our users and our advertisers and adversely affect our brand and our results of operations on a long term basis.

**5. *Our Company is dependent on maintaining and enhancing the awareness of our Company's brands and websites. Our failure to do so may adversely affect our Company's business and financial condition.***

Brand awareness is important in our online services since our primary delivery platform is the internet, and it is critical that we create strong awareness around our brands and our websites and the various services that we offer. We spend significant money and resources on advertising and publicizing our websites. We intend to continue spending significant resources on advertising and brand-building including approximately Rs. 2,015.62 Lakhs from the Net Proceeds of this Issue. We also propose to seek strengthening our distribution partnerships with major internet content and service providers through integration, co-branding and joint marketing programs. We may not succeed to the extent desired or anticipated by us in our brand building efforts and this would adversely affect our business. Even if we are successful in branding efforts, such efforts and continued expenditure may not be cost-effective.

Third party claims to rights in domain names that are same or similar to ours could, if successful, disrupt our brand-building efforts. The relevant ease of acquiring and operating websites with domain names similar to those used by our websites could result in confusion amongst our targeted audience, decrease in our internet traffic and subvert our advertising revenue. It is possible that the operation of websites for illegal or objectionable purposes under similar domain names could attract possible misguided legal and regulatory action and harm the reputation of our Company.

**6. *Our Company operates in a highly competitive environment and this competitive pressure on our business is likely to continue. This may adversely affect our Company's business, financial condition and results of operations.***

The market for the services provided by our Company is rapidly evolving and highly competitive. Our Company expects that competition will continue to intensify.

Some of our competitors have been involved in the business longer than our Company and have built up expertise in the domain and entered into collaborative agreements and arrangements with several other key market players in parallel industries which may lead to a competitive edge over our Company. These include arrangements with search engines and other online portals for paid inclusions and prominent featuring of our competitors' websites and services in search results. This may make it difficult for us to reach our target audience who use these search engines or portals as our targeted audience may prefer to visit our competitors' websites. If any of our competitors are successful in providing similar or better services compared to us or if they are able to make their websites more accessible than ours, we could experience a significant decline in traffic.

We face competition from traditional greeting card companies in addition to electronic greeting card companies. Some of our competitors are engaged in providing paper and traditional greeting cards and similar services and may use their experience and expertise from such business to gain a competitive edge over our Company and continue to make revenues even in periods where online traffic and greeting card usage is low.

**7. *We are vulnerable to third party misuse and misappropriation of our business assets. This may adversely affect our Company's business, financial condition and results of operations.***

Most of our business assets such as websites, content and data are available online to third parties with very limited or no access restrictions. We are vulnerable to third party misuse and misappropriation of such assets. If third parties are able to circumvent our technological protection measures, it is possible for them to destroy, corrupt or misappropriate data.

It is likely that third parties may collect content, data and other information from our websites and start online portals displaying such content. It is possible for third parties to link directly to content

stored in our internal web-pages, bypassing the front page of our Website, thereby reducing our internet traffic, subverting advertisement revenue and diluting our brand value.

It is possible that third parties may misuse the electronic greeting services offered by our Company to engage in potentially illegal activities or other activities that may attract legal liability or harm the reputation of our Company including circulation of objectionable content or unsolicited commercial communications to other third parties or publishing the same on our Company's websites. It is possible for third parties to use our services to circulate computer viruses and other malicious code which may damage, disrupt or cause identity theft, phishing and pharming attacks on other third parties. It is also possible for third parties to provide our content or links to our websites in manners that would attract legal liability or harm the reputation of our Company.

8. ***We may be subject to data protection laws and some of our services may be deemed to be intrusive upon the privacy of our users. This may lead to third party claims which may affect our business and financial condition.***

We maintain data regarding our users which, in certain jurisdictions may be treated as personal and confidential information. Accordingly, we may be subject to data protection laws and restrictions and would be responsible for maintaining the confidentiality and security of such data. Any unauthorised use or access by any third parties or our inability to maintain sufficient technological restrictions against unauthorised use and access in places would place us in default of such data protection laws. In certain jurisdictions, some of our services such as database email marketing may be treated as 'spam' or unsolicited commercial communication and deemed to be illegal, violative of privacy restrictions or intrusive upon the privacy of our users.

9. ***Our Company's business will suffer if it fails to keep pace with the rapid changes in technology and the industries on which it focus. Our Company needs to anticipate and develop new services and enhance existing services in order to keep our users and advertisers satisfied.***

The IT enabled services market is characterized by rapid technological changes, evolving industry standards, changing user and advertiser preferences and new product and service introductions. The future success of our Company will depend on our ability to anticipate these developments. In the past, our Company has been successful in predicting certain technology changes to meet challenges in time. However, we may not be successful in anticipating or responding to these advances on a timely basis. It is also possible that even if we are to respond to technological advances, the services or technologies we develop in such response may not be successful in the marketplace.

Our success depends on providing services which appeal to our users. If we are unable to predict user preferences or industry changes, or if we are unable to modify our services on a timely basis, we may lose users and advertisers. Our operating results would also suffer if our innovations are not responsive to the needs of our users and advertisers, are not appropriately timed with market opportunity or are not effectively brought to market.

Further, new technologies may be developed in the form of web-browser plug-ins or otherwise that can block the display of advertisements on our websites. This could adversely affect our operating results and revenues.

10. ***Delays or defaults in advertiser payments could result in reduction of profits.***

We collect our revenues from our advertisers on a 30 to 60 days basis. There have been instances of such delays and defaults in the past and such delays may arise in the future as well. If we fail to collect money from the advertisers on a timely basis or at all, it could have an adverse effect on our Company's business, financial condition and results operations.

11. ***We may continue to be controlled by our Promoters and other principal shareholders following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.***

After the completion of the Issue, our Promoters will collectively hold approximately 38.02 % of the fully diluted post-Issue equity capital. Consequently, our Promoters, and other principal shareholders, acting jointly, may exercise substantial control over us and may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. In addition our Promoters are trustees of the Intrasoft Beneficiary Trust which will hold approximately 11.88% of the fully diluted post-Issue equity capital of our Company. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. While our controlling shareholders, being Directors of our Company are required to act in the best interests of our Company, it is possible that they may not do so and further, the interests of our controlling shareholders may conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders may make decisions that materially adversely affect your investment in the Equity Shares.

- 12. *Our Promoters are the Trustees of the Intrasoft Beneficiary Trust and hold shares jointly in their name as Trustees of the Trust. While our Promoters, as Trustees, are required to exercise their aforesaid voting powers in compliance with the objects of the Trust, there can be no assurance that they will do so.***

Arvind Kajaria and Sharad Kajaria, the Promoters of our Company are the trustees of the Intrasoft Beneficiary Trust and jointly hold 1,750,000 fully paid up Equity Shares, which constitute approximately 11.88% of the post Issue Equity Share Capital of our Company on behalf of the Trust. Our Promoters will be entitled to exercise voting rights in relation to the aforesaid Equity Shares.

While our Promoters, as Trustees, are required to exercise their aforesaid voting powers for the benefit of our Company, there can be no assurance that they will do so.

The interests of our Promoters may be different from the interests of our other investors, and you may not agree with actions the Promoters may take. Further, the exercise of the voting rights in relation to the above Equity Shares by our Promoters may result in delay or prevention of a change of management or control of our Company, even if such a transaction may ultimately be beneficial to our other shareholders. Investors are hereby advised to consider the above information prior to making any investments in our Company.

- 13. *Intel has certain rights under the Amended and Restated Shareholders Agreement and the Amended and Restated Investor Rights Agreement that may be restrictive of interests of equity shareholders.***

Our Company, the Promoters and Intel had entered into an Amended and Restated Shareholders Agreement and an Amended and Restated Investor Rights Agreement dated October 12, 2009. These agreements contain provisions which may be restrictive of interests of equity shareholders including those relating to restrictions of disposition of shares by the Promoters, rights of first refusal and co-sale of Intel, restrictions on transfer of Intel's shares to competitors, affirmative covenants and requirements on our Company to buy back shares on Intel's request, financial information rights to Intel, preemptive rights in relation to new securities, certain rights regarding registration of our Company's securities, approval of the Intel for various actions, nomination of directors and an observer to the board of directors. Pursuant to the termination provisions, the Amended and Restated Shareholders Agreement and the Amended and Restated Investor Rights Agreement will terminate upon the listing of the equity shares of our Company. For details, please see "History and Corporate Structure" on page 74.



- 14. Intel will hold 12.20% after the Issue and its shareholding is not subject to regulatory lock-in. Any sale of shares by Intel could impact the market price of the Equity Shares.**

12.20% of the Equity Shares after the Issue will be held by Intel Capital (Mauritius) Limited, a FVCI registered with SEBI. Its shareholding would be exempt from the lock-in requirements in respect of pre-Issue Equity Share capital under the SEBI Regulations and the SEBI (Venture Capital Funds) Regulations, 1996 and would be freely transferable. Such sales, or the possibility of such sales, could impact the market price of the Equity Shares.

- 15. Our revenues, expenses and profits may vary significantly from quarter to quarter. This could cause the market value of our Company's Equity Shares to fluctuate.**

Our operating results may vary significantly from quarter to quarter. Our operating income variation is due to various factors such as:

- user traffic, particularly during events and holidays such as Christmas, Halloween, New Year's Day etc.;
- changes in employee compensation; and
- and changes in foreign exchange rates.

In addition there are several factors which may influence our operating income that are outside of our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance.

Factors that affect the fluctuation of our Company's revenues, expenses and profits include:

- ability to continue to attract users to our websites;
- ability to acquire new advertisers;
- advertising patterns of potential advertisers;
- unanticipated attrition and the time required to hire, train and productively utilize our new employees;
- loss of advertisers;
- ability to keep our websites operational at a reasonable cost and without service interruptions;
- annual increases in compensation of our employees;
- the size and timing of expansion of our facilities; and
- unanticipated cancellations or non-renewal of the contracts by our advertisers.

A significant part of our Company's expenses, particularly those related to personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number of our advertisers or employee utilisation rates may cause significant variations in operating results in any particular quarter. There are also a number of factors other than the performance of our Company that is not within our control that could cause fluctuations in operating results. These include:

- the outcome of any tax, legal or regulatory review, action or litigation;
- currency exchange rate movements; and
- other general economic factors.

- 16. Our Company has not entered into any definitive agreements to use the net proceeds of the Issue and there can be no assurance that our Company will be able to enter into such agreements on terms favourable to us or at all.**

The Net Proceeds from this Issue are expected to be used as set forth under "Objects of the Issue" on page 35. The use of the net proceeds is at our Company's sole discretion except as disclosed, our Company has not entered into any definitive agreements to utilise the net proceeds of the Issue. There can be no assurance that our Company will be able to enter into such agreements on terms favourable to us or at all. Accordingly, investors in this Issue will need to rely upon then

judgment of the management, who will have considerable discretion, with respect to the use of proceeds.

Our Company expects to invest approximately Rs. 3,515.62 Lakhs in Fiscal 2010, Fiscal 2011 and Fiscal 2012 in order to establish a corporate office in Kolkata, branding and promotion, and as investment in technology infrastructure that our Company believes will give a platform to grow our business. However, our Company may not receive the benefits that it expects from such investment. Further, our Company may encounter cost overruns or project delays in connection with new corporate office or technology infrastructure. This expansion will increase our fixed costs. If our Company is unable to grow our business and revenues proportionately, our profitability will be reduced. Of the above amount, we expect to invest Rs. 958 Lakhs for branding and promotion initiatives through online advertisements, Rs. 881.36 Lakhs for television advertisements and Rs. 176.27 Lakhs for radio advertisement. There is no assurance that such initiatives would be successful, or if successful, would achieve the desired results.

Our Company proposes to purchase hardware from approximately 5.5% of the net amounts allocated towards the identified objects of the Issue and has not entered into any arrangements or placed any orders for the same. For further details see “Objects of the Issue” on page 35.

**17. *Our Company’s intended use of proceeds from the Issue has not been appraised by any bank or financial institution.***

The net proceeds from this Issue are expected to be used as set forth under “Objects of the Issue” on page 35. The proposed activities for which the proceeds are being raised have not been appraised by any bank or financial institution and the determination of the requirements of the proceeds are based in part on the management’s estimates.

**18. *We have contingent liabilities, which may adversely affect our financial condition.***

As of June 30, 2009, we had contingent liabilities amounting to Rs. 1,25,000 on account of an outstanding bank guarantee for our customs bonded premises, which we are yet to de-bond.

**19. *Any defects in our Company’s services could make it liable for claims by our users, which in turn could adversely affect our results of operations.***

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

**20. *We may be held liable for the content provided by, and claims made by, our advertisers could adversely affect our results of operation, our reputation and our brand value.***

We may not be able to effectively screen and monitor all of the advertisements displayed on our websites. It is possible that some of the content may be prohibited under laws in certain jurisdictions. We may not be aware of all of the legal restrictions in all of the jurisdictions where our services are available. It is possible that some of the content on the advertisements on our websites may be held to be vulgar, obscene, pornographic, misleading, defamatory, libelous, offensive, derogatory, racist, threatening, harassing, abusive or violent content, or may contain content or applications that are proscribed under applicable law. We may be held liable for publishing such advertisements on our websites, which in turn could adversely affect our results of operation, our reputation and our brand value.

We may also be held liable for claims made by our advertisers through their advertisements. These may include pyramid schemes, get-rich-quick schemes, ponzi schemes, advance-fee frauds and matrix schemes. In addition we may be held liable for other misleading or anti-competitive advertisements. This could affect our results of operation, our reputation and our brand value.

**21. *If we fail to detect click-through fraud, we could lose the confidence of our advertisers, thereby***

*causing our business to suffer.*

Click-through frauds occur in pay per click online advertising when a person, automated script or computer program imitates a legitimate user of a web browser clicking on an advertisement, for the purpose of generating a charge per click without having actual interest in the target of the advertisement's link. Any click-through frauds associated with us could cause our advertisers to lose confidence in our advertising services.

22. ***Our success depends largely upon our skilled software professionals and content creators and our ability to attract and retain these personnel. Any loss of or inability to attract and retain such professionals may adversely affect our business and results of operation.***

Our ability to procure advertisements, develop content and to obtain new advertisers depends largely on their ability to attract, train, motivate and retain highly skilled software professionals and content creators. The performance of our Company will be dependent on the continued service of these persons or replacement of equally competent persons from the domestic or global markets. Our Company does not maintain key-man life insurance for any of the senior members of our management team or other key personnel. Competition for senior management in the Indian IT enabled services industry is intense, and our Company may or may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future unless it offers Industry best compensation packages, which will have impact on our profitability. The loss of any Key Managerial Personnel or other senior professionals may adversely affect our business, results of operations and financial condition. Further, we rely significantly for our technological expertise and strategic vision on our Promoters, Arvind and Sharad Kajaria. We may not be able to anticipate strategic or technological changes or plan and execute the expansion of our business without their expertise.

23. ***Increase in employee costs could reduce our Company's cash flow and profit margins.***

Historically, remuneration in the Indian IT Enabled Services industry has been significantly lower than remuneration in developed countries. However, in recent years the remuneration expenses in the Indian IT Enabled Services industry have been increasing at a faster rate than those in certain developed countries. In the long term, increases in the compensation to our employees may make our Company less competitive and may reduce our cash flow and profit margins.

24. ***Any dilution of our shareholding or interests in our Subsidiaries may adversely affect our business and financial condition.***

We develop the electronic greetings and content which form a part of our Website for our subsidiaries 123Greetings.com, Inc., One Two Three Greetings (India) Private Limited and 123 Greetings (Singapore) Pte Limited. 123Greetings.com, Inc. also owns the domain name under which our Website operates. Our Subsidiaries generate all of the advertising revenues from our Website. Any dilution of our shareholding or interests in any of our Subsidiaries could dilute our Company's control over our Website and the adversely affect the revenue that our Company derives from our Website.

25. ***Our Company's agreements with our wholly-owned overseas subsidiaries are subject to transfer pricing regulations. These agreements may be subject to regulatory challenges, which may subject our Company to higher taxes adversely affecting our earnings.***

Our Company has entered into agreements with our wholly-owned overseas subsidiaries for the services it provides and the content it develops. In these agreements, our Company has raised invoices based on rates that it believes is the same as the prices that would be charged by unrelated parties dealing with each other at arm's length. Our Subsidiaries do not have any documented *inter se* arrangements in place for their use of the Website and sale or advertising space on our website.

If the authorities responsible for taxation in India, the US or Singapore were to successfully challenge the present or past transactions undertaken by our Company and its Subsidiaries, or require changes in transfer pricing policies, our Company and its Subsidiaries could be required to

re-determine transfer prices, which may result in a higher overall tax liability to it and as a result our Company's earnings would be adversely affected. In this regard, our Company is subject to risks not faced by other companies with international operations that do not create inter-company transfers. Our Company believes that it operates in compliance with all applicable transfer pricing laws in all applicable jurisdictions. However, there can be no assurance that our Company will be found to be in compliance with transfer pricing laws, or that such laws will not be modified, which, as a result, may require changes to transfer pricing policies or operating procedures. Any modification of transfer pricing laws may result in a higher overall tax liability to our Company, adversely affecting our earnings and results of operations.

**26. *Some of our Subsidiaries and our Group Companies have incurred losses in the past and may incur losses in the future.***

Our Subsidiaries, 123Greetings.com, Inc. and 123Greetings (Singapore) Pte Limited have incurred losses in the past. The details of the profit/ (loss) after tax of these Subsidiaries are as hereunder:

*Rs. in Lakhs*

<b>Name of the Subsidiary</b>	<b>Profit/ (Loss) after Tax</b>	<b>Period</b>
123Greetings (Singapore) Pte Limited	(33.89)	Fiscal 2008
123Greetings.com, Inc	(0.91)	Three month period ended June 30, 2009

Our Group Company, Intrasoft Animations Private Limited has incurred losses in Fiscal 2008 and 2009. The details of the profit/(loss) after tax of these entities are as hereunder:

*Rs. in Lakhs*

<b>Name of the Group Company</b>	<b>Profit/ (Loss) after Tax</b>	<b>Period</b>
Intrasoft Animations Private Limited	(0.22)	Fiscal 2008
Intrasoft Animations Private Limited	(0.06)	Fiscal 2009

**27. *Any future issuance of Equity Shares may dilute prospective investors' shareholding and sales of Equity Shares by Promoters or other major shareholders and sales of Equity Shares held in Intrasoft Beneficiary Trust may adversely affect the market price of the Equity Shares.***

Any future equity issuances by our Company may lead to the dilution of Investors' shareholdings in our Company. Any future equity issuances by our Company or sales of Equity Shares by our Promoters or other major shareholders and sales of Equity Shares held in Intrasoft Beneficiary Trust may adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares of our Company.

**28. *Our Company does not own the registered office and other premises from which we operate. Any dispute in relation to the lease of our premises would have a material adverse effect on our business and results of operations.***

Our Company and its Subsidiaries do not own the premises on which our registered office in Kolkata and the offices of the Subsidiaries in U.S, Singapore and Mumbai are located. Our Company operates from rented and leased premises. If any of the owners of these premises do not renew the agreements under which we or our Subsidiaries occupy the premises or renew such agreements on terms and conditions that are unfavorable to our Company, it may suffer a disruption in our operations or have to pay increased rentals which could have a material adverse effect on our business, financial condition and results of operations. Further, the lease agreement for our registered office in Kolkata is under-stamped and not registered, and therefore of no evidentiary value before courts and may be invalid unless rectified. Any dispute in relation to the lease of our premises would have a material adverse effect on our business and results of operations. For more information, see "Our Business" on page 54.

**29. *The global operations expose our Company to complex management, foreign currency, legal, tax and economic risks.***

Our Company provides our services to users around the world. As a result our Company is subject to risks inherent in establishing and conducting business in international markets including but not limited to the following:

- Cost structures, cultural and language factors;
- Compliance with foreign laws; restrictions on repatriation of profits;
- Potential difficulties with respect to protection of our Company's intellectual property;
- Exchange rate volatility.

**30. *Our Company faces risks and uncertainties associated with our growth and expansion.***

Our Company's recent growth and our plans to undertake further initiatives create risks, including the following:

- Our Company may be unable to maintain quality standards, manage advertiser and user expectations;
- Our Company may be unable to develop adequate internal administrative systems and controls, particularly financial, operational and communications systems. While we believe that we have managed growth in recent years, there can be no assurance that we will continue or that it will be able to execute any current or future expansion strategies on time or within budget. Any failure to do so could compel us to delay, modify or forego aspects of our growth strategy. If any or all of these risks were to come to fruition, it or they could have a material adverse effect on our Company's business, financial condition and results of operations;
- Our Company proposes to enter into the e-commerce business. Neither our Company, nor our Promoters have been involved in operating e-commerce businesses in the past. There can be no assurance that our Company would be able expand its efforts and operations in a cost-effective or timely manner or that such efforts would increase overall market acceptance. There are additional risks associated with the operation of payment gateways and other nuances associated with e-commerce which our management and employees may not be aware of. These include possible claims for product liability and consumer protection in relation to the products and services distributed through our e-commerce portal and claims arising from unsuccessful deliveries and errors arising in relation to payment through the online portal.

**31. *Our Company is subject to risks arising from exchange rate movements. Fluctuations in the value of the Indian Rupee relative to other currencies impact our Company's revenue, cost of sales and services and operating margins and results in foreign currency translation gains or losses.***

Our Company has adopted the Indian Rupee as our reporting currency but we currently transact our business primarily in U.S dollars and in Singapore dollars. In the three month period ended June 30, 2009 and in Fiscal 2009, 2008 and 2007, 58.13%, 68.42%, 79.07% and 93.87% of our operating income were derived from overseas. To the extent these currencies depreciate against the Indian Rupee, our revenues will be negatively affected.

Conversely, an appreciation of these currencies against the Indian Rupee would increase our Company's revenue reported in the Indian Rupee and would also increase our expenses incurred in those currencies. In addition, conducting business in currencies other than the Indian Rupee subjects us to fluctuations in currency exchange rates that could have a negative impact on our reported operating results.

Fluctuations in the value of the Indian Rupee relative to other currencies impact our Company's revenue, cost of sales and services and operating margins and results in foreign currency translation gains or losses.

**32. *Our Subsidiary and our Company are involved in certain legal proceedings. If these are adversely determined against us, it may affect our business and reputation.***

Our Subsidiary, 123Greetings.com, Inc. has received three notices, including a notice in relation to alleged infringement of a third party patent, and two claims by users in relation to advertisements made through our Website.

In addition there is one outstanding matter in relation to taxation currently pending before the revenue authorities against our Company.

**33. *Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our services and brand.***

Our trademarks, trade secrets, copyrights, domain name registrations and all of our other intellectual property rights are important assets for us. There are events that are outside of our control that pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available in every country in which our services are distributed or made available through the internet. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time consuming. Any increase in the unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results.

Our domain name registrations including that of our Website are renewable at regular intervals. If we fail to renew our registration or our registration is cancelled or not renewed by the registrar of our domain hosting our principal website, it may adversely affect our business and operating results.

We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by third parties, or intentionally or accidentally by our employees, which would cause us to lose the competitive advantage resulting from these trade secrets.

**34. *Our advertisers' proprietary rights may be misappropriated by the employees in violation of applicable confidentiality agreements. Our Company may also be subject to third party claims of intellectual property infringement.***

Our contracts with our advertisers may require our Company to comply with certain security obligations including maintenance of network security, back-up of data, and ensuring our Company's network is virus free and that the content provided by our advertisers are maintained securely. Our employees are contractually bound to keep proprietary information confidential and to ensure against misappropriation of the same, but there can be no assurance that they will comply with such contracts. Our Company cannot assure that we will be able to comply with all such obligations and that we will not incur liability nor have a claim for substantial damages against us.

**35. *Our Company may infringe on the intellectual property rights of others. This may lead to third party claims which may adversely affect our business and financial condition.***

Our Company cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force our Company to alter our technologies, obtain licenses or significantly cease some portions of our operations. Our Company may also be susceptible to claims from third parties asserting infringement and other related claims. Our Company currently holds registrations for various domain names, if any of such domain names are deceptively similar to any trademarks belonging to any third party, it is possible that third parties may initiate action against our Company for violation of their rights in such trademark. Regardless of whether such claims that our Company is infringing trademarks, patents or other intellectual property rights have any merit, those claims could:

- adversely affect our Company's relationships with current or future users;
- result in costly litigation;
- divert management's attention and resources;
- subject our Company to significant liabilities;
- require our Company to enter into royalty or licensing agreements; and
- require our Company to cease certain activities.

**36. *The insurance coverage taken by our Company may not be adequate to protect against certain business risks. This may adversely affect our financial condition.***

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

**37. *Our Promoters may have a conflict of interest as our Group Company operates in a related area of business.***

The main objects for which Intrasoft Animations Private Limited, a Group Company, has been incorporated, enable it to participate in a related business. We have entered into a non-competition agreement dated September 15, 2009 with Intrasoft Animations Private Limited. While Intrasoft Animations Private Limited has not carried out any significant business in the last four years. However, we cannot assure that we will not compete with Intrasoft Animations Private Limited in the future in various areas including content development. In case of any conflict, our Promoters may favour the interest of Intrasoft Animations Private Limited over us, and may not be able to devote their full time and attention on their managerial duties in relation to us. For further information on Intrasoft Animations Private Limited, please see "Group Companies" on page 93.

**38. *Our Company may require additional capital to implement our business plans, which may not be available on acceptable terms. This could have a material adverse effect on our Company's business, financial condition and results of operations.***

Our Company may require additional capital in the future to implement our business plans, which may include further expansion and business development. If our Company fails to generate sufficient cash through services or from other sources of revenue, we may need to raise additional capital from equity or debt sources to fund any such expansion or development. Our Company may not be able to obtain finance on terms acceptable or at all and therefore may be forced to curtail planned expansions and business development initiatives, which would have a material adverse effect on our Company's business, financial condition and results of operations. In addition, any capital raising activities could, in the case of debt, increase our Company's interest payment obligations. Additional equity issuances could result in dilution of the shareholding of our existing shareholders in our Company.

**39. *More individuals are using non-PC devices to access the Internet, and our services may not be widely adopted by users of these devices.***

The number of people who access the Internet through devices other than personal computers, including mobile telephones, hand-held calendaring and email assistants, and television set-top devices, has increased dramatically in the past few years. The lower resolution, functionality and memory associated with alternative devices make the use of some of our services through such devices difficult. Some of our services or certain features thereof may not be available on or compatible with such devices. If we are unable to attract and retain a substantial number of alternative device users to our services or if we are slow to develop features and technologies that are more compatible with non-PC communications devices, we will fail to capture a significant share of an increasingly important portion of the market for online services.

**40. *If Internet infrastructure does not grow and is not maintained to support our services or features or if some of existing users do not migrate to better infrastructure, our business may be adversely affected.***

Our services and features are increasingly becoming interactive, multimedia intensive and content rich, in our attempts to cater to our users. This may require increased bandwidth for use, view,

access and download which may result in marginalizing certain of our users who do not have the necessary system or network requirements. If we fail to effectively balance our content, features and services, our business may be adversely affected.

Our success will depend on the continued growth and maintenance of the Internet infrastructure. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable Internet services. Internet infrastructure may be unable to support the demands placed on it if the number of Internet users continues to increase, or if existing or future Internet users access the Internet more often or increase their bandwidth requirements. The Internet has experienced a variety of outages and other delays as a result of damage to portions of our infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as our ability to provide our solutions.

**41. *Expiry of our MAT credit may adversely affect our financial condition.***

Our Company currently is entitled to tax credit for set off in respect of any tax paid under the provisions relating to MAT of the IT Act. Our MAT credit entitlement is limited to the tax that has already been paid and is further limited by a period of seven years immediately succeeding the year in which the MAT credit initially arose. Expiry of our MAT credit may adversely affect our financial condition.

**42. *Our Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.***

The amount of our Company's future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditure. There can be no assurance that our Company will be able to pay dividend in future.

**External Risk Factors**

**43. *There are no standard valuation methodologies or accounting practices in the emerging internet and internet-related industries.***

Our existing business is online and hence internet –related and in assessing our business it must be borne in mind that there are no standard valuation methodologies or accounting practices in the emerging internet and internet-related industries. The valuations in the emerging internet and internet-related industries are presently high and may not be sustained in future and may also not be reflective of the future valuations of the industry. The performance of some of our competitors is described in “Our Competition” on page 64.

**44. *Changes in the laws relating to the use of the internet may have an adverse impact on our business.***

Changes in the laws relating to the use of the internet that place restrictions either on the material that we may post on our websites or on the use of the internet by our current users and potential users could have an adverse impact on our business.

**45. *Risk arising out of volatile capital markets.***

The prices of the Equity Shares on the Stock Exchanges may fluctuate as a result of several factors:

- Volatility in the Indian and global securities market;
- The results of the operations and performance
- Performance of the Indian economy;
- Significant developments in India's economic liberalization and deregulation policies;
- Significant developments in India's fiscal and environment regulations.

There has been no public market for the Equity Shares and there can be no assurance that an active



trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares will trade in the market subsequent to this Issue.

- 46. *Changes in rules promulgated by the SEBI, the various stock exchanges and the changes on the interpretation and enforcement of existing law and rules relating to the stock markets or investment in securities may adversely impact our business.***

The securities market in India is subject to extensive regulation. Our ability on being listed to comply with all the applicable laws, rules, regulations and bye-laws of the SEBI and the Indian stock exchanges is largely dependent on our internal compliance procedures, as well as our ability to attract and retain qualified personnel. We could be subject to disciplinary or other actions in the future due to non-compliance, which could have an adverse impact on our business, financial condition and operating results. Further, the requirements associated with the listing of our Company may strain our resources and distract our management.

- 47. *Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of advertiser confidence, and adversely affect our 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 worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our Company's business, results of operations and financial condition.

- 48. *Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.***

South Asia has, from time to time, experienced instances of civil unrest and hostilities between neighboring countries, such as between India and Pakistan. In the past, there have been military confrontations between Indian and Pakistan along the India- Pakistan border. Military activity or terrorist attacks in the future could adversely affect the Indian economy. This could have a material adverse affect on the market for securities of Indian companies including the Equity Shares.

- 49. *Changes in the Indian Government's economic and industrial policies, statutory rules and regulations relating to economic, industrial or labour affairs or the political situation in India could adversely affect our business.***

Changes in the Indian Government's economic and industrial policies, statutory rules and regulations relating to economic, industrial or labour affairs, including changes in licensing regulations, labour laws, interest rates, policy relating to foreign investment, and taxation laws, or the political situation in India could adversely affect our business.

- 50. *An economic downturn in India or globally may negatively impair our operating results.***

Any economic downturn or slowdown in India or globally which in turn has a negative impact on the online classifieds or the real estate or construction market or any other industry in relation to which we conduct our business may adversely affect our business and financial performance and price of our Equity Shares.

- 51. *You will not be able to sell immediately on an Indian stock exchange of the Equity Shares you purchase in the Issue***

The Equity Shares will be listed on the NSE and BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor's book entry or "demat", accounts with Depository's Participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the

basis of allotment is approved by the Designated Stock Exchange. We cannot assure that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

**52. *Condition in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities market is smaller than the securities market in more developed countries. Indian stock exchanges in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker faults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchange have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasions between listed companies and the Indian stock exchanges and other regulatory bodies that, in some case, have had a negative effect on the market sentiment, if similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

**Notes to risk factors**

1. The book value of our Company as per our restated standalone and consolidated financial statements, included in this Draft Red Herring Prospectus, as adjusted for conversion of the Investor Shares and issuance of Bonus shares are Rs. 40.11 per Equity Share and Rs. 40.20 per Equity Share, respectively.
2. The net worth of our Company was Rs. 3,706.77 Lakhs and Rs. 3,715.28 Lakhs as at June 30, 2009 as per our restated standalone and consolidated financial statements respectively, included in this Draft Red Herring Prospectus and the Issue is for 37,00,000 Equity Shares.
3. The average cost of acquisition of Equity Shares by our Promoters, Arvind Kajaria and Sharad Kajaria is Rs. 0.22 per Equity Share each. For details of our related party transactions, see "Financial Information" on page 112.
4. Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
5. For details of transactions by the Issuer with Subsidiary companies or Group Companies during the last year, see our "Financial Information" on page 112.
6. On October 21, 1997, the name of our Company was changed to Intrasoft Technologies Private Limited and a fresh certificate of incorporation consequent to change of name was received on October 29, 1997. Pursuant to the acquisition of shares in One Two Three India.com Limited, our Company was deemed to be a public limited company under Section 43A (1B) of the Act, and accordingly the name of our Company was changed to Intrasoft Technologies Limited with effect from July 6, 2000. Upon the commencement of the Companies (Amendment) Act, 2000, our Company ceased to be a public limited company and accordingly changed the name of our Company back to Intrasoft Technologies Private Limited with effect from March 13, 2002. Pursuant to the Scheme of Amalgamation of One Two Three India.com Limited, the status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on September 26, 2007. A fresh certificate of incorporation consequent on change of name was granted to our Company on October 16, 2007 by the RoC.
7. For changes in the objects clause of the Memorandum of Association, please see "History and Corporate Structure" on page 74.
8. There are no financing arrangements whereby the promoter group, our Directors or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

*The information in this section is derived from various third party sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. For the purpose of this section, certain numerical information is presented in “millions” and “billions” units. For details, see “Industry Overview”.*

#### Online Advertisements

According to the IAB Internet Advertising Revenue Report for 2009 Second-Quarter and First Six Months Results (“**IAB 2009 Report**”), internet advertising revenues in the United States totaled \$10.9 billion for the first six months of 2009, with Q2 accounting for approximately \$5.4 billion. Internet advertising revenues for the first six months of 2009 decreased 5.3 percent from the same period in 2008.

According to the IAB Internet Advertising Revenue Report for 2008 Full Year (“**IAB 2008 Report**”), the Internet has continued to grow in significance when compared to other ad-supported media.

Search has remained the leading format since 2004, and has had strong sequential growth over this period. Search is followed by Display Banners and Classifieds/Directories in percentage share of Internet advertising. Sponsorship revenues have dipped from 8.00% of total revenues in 2004 to 2.00% of total revenues the first six months of 2009, while Classifieds/Directories revenues have dropped from 18.00% of total in 2004 to 14.00% in 2008 and to 10.00% in the first six months of 2009.

#### Online Greeting Cards

According to a report by the Mintel International Group Limited on ‘*Greeting Cards and eCards*’ in February 2008 (“**Mintel Report**”), in the United States, greeting cards are a \$10.8 billion dollar market, with Christmas (\$3.2 billion), Birthday (\$2.6 billion), and Valentine’s Day cards (\$1.1 billion) representing the top three segments. The number of cards sent annually for Christmas has reached an estimated 2.2 billion. It is clear that people still want to connect, be remembered, and acknowledge others during key seasons or significant life events. From 2004 to 2007, the market has grown 34%, with Easter and Halloween cards experiencing the greatest increases. Sales for 2007 grew at a slightly slower rate due to an influx of value priced cards, though this also made greeting cards more accessible to those with lower disposable income.

According to the Mintel Report, the sales of subscription based electronic greeting cards have increased by US\$ 5 million from 2005 to 2007 and the electronic greeting card volume is approximately 300 million per year—less than 5.00% of the number of paper cards being sold.

## SUMMARY OF BUSINESS

### Company overview

According to comScore Media Metrix, our Website was the largest (by number of Unique Visitors) electronic greeting cards website in India with a sum total of 1,46,08,169 Unique Visitors during the twelve month period from September 2008 to August 2009. Our website received a sum total of 22,56,11,000 page views and 19,31,99,000 minutes during this period, according to comScore Media Metrix.

According to comScore Media Metrix, our Website was the second largest (by number of Unique Visitors) electronic greeting cards website in the world with a sum total of 9,14,02,238 Unique Visitors, with an average of 3,94,167 daily visitors and a sum total of 16,00,53,509 visits during the twelve month period from September 2008 to August 2009.

Our Website was listed as the fourth fastest gaining website in the world by comScore MediaMetrix in March, 2008. We were also ranked second in the “Movers & Shakers” section of Alexa.com in December 2006 ranked in accordance with increase in unique users.

According to comScore Media Metrix, during the twelve month period from September 2008 to August 2009, our Website ranked as the No.1 greeting card website worldwide on five months in terms of total Unique Visitors.

Our range of over 20,000 electronic greeting cards, include rich and diverse multimedia content and are designed to cater to varying geographical and religious celebrations, occasions and other events. Our Website is refreshed automatically every 15 minutes. Our Website incorporates a simple and user-friendly interface which allows users to navigate through our electronic greeting cards by occasion, popularity or text, customize them with rich content and music, and send them to any recipient email address at no cost.

We have a team consisting of 16 creative professionals who develop in-house content including artistic, photographic and musical content for our electronic greeting cards.

We use a robust and flexible hardware and software technology platform to ensure that our Website and our electronic greetings services are capable of supporting large and varying numbers of users which may vary significantly due to the occurrence of events like St. Valentine’s Day and other significant religious and social events. Our cloud computing based, hosted technology platform hosts our data and applications on remote infrastructure which is scalable and is availed by us as and when required. This enables us to draw upon varying amounts of hardware and software resources to support the varying number of visitors to our Website while preventing wasteful expenditure during times of low user traffic.

In order to increase the reach of our services, we have, over the last two years, associated our Website and electronic greeting card services with popular online networking and software and portals including facebook.com and twitter.com by using applications and accounts which link to our Website. We also seek to use our knowledge of search engine optimization techniques to try and ensure that our Website is amongst the top few results for relevant search queries on search engines like google.com and bing.com.

Currently, most of our content is in English and we believe that our new feature, 123Greetings Studio, which is currently being tested by a limited number of developers by invitation, will help us expand our reach into new geographies and new user groups since it will enable new content in other languages created by our users to be circulated through our Website, thereby increasing the reach of our Website to users who speak different languages and require different forms of content.

We do not charge our users for accessing and sending electronic greetings and derive our revenues almost entirely from online advertising revenues. We do not use pop-ups, pop-unders and interstitial web-pages for promotions or advertisements. Our Website has received positive reviews from third party evaluation tools which scan our website repeatedly for malicious software including trojans, viruses and backdoors which can damage systems or otherwise be used in identity theft.

We believe in ensuring and safeguarding the privacy of our users and do not use any personally identifiable information in tailoring or developing our content.

Our online advertising revenues are derived from the sale of advertising space on our Website, email based advertisements which we include in the emails that deliver our electronic greeting cards and through advertisements included within our newsletters from our editorial team that is circulated to our subscribers.

Around 78 advertisers advertised with us during the three month period ended June 30, 2009 and 149 advertisers advertised with us during Fiscal 2009. These advertisers have entered into advertising contracts with us for periods ranging from one month to a year. Our advertising model derives revenues mostly on fixed fee models based on price per every thousand times that an advertisement appears on our Website (“CPM”) (95.48% for Fiscal 2009 and 98.78% for the three month period ending June 30, 2009) with the remaining through cost-per-click (“CPC”) model and cost-per-action (“CPA”) model.

Our sales and marketing approach involves engaging consultants to reach advertisers directly and also approaching advertiser aggregators.

We derived 89.91% of our revenues from our online advertising activities in Fiscal 2009 and 81.92% during the three month period ending June 30, 2009. We believe that our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website. We are therefore exploring the possibility of offering online gift giving services on our Website.

Most of our revenue comes from overseas markets and specifically the U.S. During the three month period ending June 30, 2009 and in Fiscal 2009, 2008 and 2007, 57.29%, 67.26%, 78.54% and 93.87%, of our operating were derived from overseas advertisers. This calculation of revenues by advertiser location is based on the Subsidiary which bills the advertiser.

The domain name which our Website uses is owned by our Subsidiary, 123Greetings.com, Inc. We have entered into agreements with each of our Subsidiaries whereby we have agreed to provide certain information technology enabled services including content development and animation, data processing, engineering and design, remote maintenance, support services and website services. We develop content for our Website pursuant to these contracts. Our Company receives its revenues through payments for such services. Our Company also receives additional revenues through certain software development services which we provide to for third parties and advertising revenues which we receive from our other websites.

Our Company was originally incorporated as Regency Extrusions & Plastics Private Limited on February 27, 1996 with the objective of carrying on the business of manufacture, processing, distribution and marketing of polymers, synthetic resins and plastic products including household and industrial articles and office equipment.

On October 21, 1997, the name of our Company was changed to Intrasoftware Technologies Private Limited and a fresh certificate of incorporation consequent to change of name was received on October 29, 1997.

In Fiscal 2009, our consolidated revenue increased by 15.72% and our consolidated and restated net profit increased by 32.84% as compared to the consolidated revenue and consolidated and restated net profit for the Fiscal 2008. In the three month period ending June 30, 2009 our consolidated revenue was 440.25 Lakhs and our consolidated and restated net profit after tax was Rs. 86.23 Lakhs. In the three month period ending June 30, 2009, we earned Rs. 32.18 Lakhs from advertisement and development services through the operation of 123india.com.

We are a member of the National Association of Software and Service Companies (“NASSCOM”) and the Electronics and Computer Software Export Promotion Council.

### **Our strengths**

We believe that we are well placed to retain our leading position in the electronic greetings market segment due to our competitive strengths, which include:

***One of the leading electronic greeting card website by number of Unique Visitors***

According to comScore Media Metrix, our Website was the largest (by number of Unique Visitors) electronic greeting cards website in India with a sum total 1,46,08,169 Unique Visitors during the twelve month period from September 2008 to August 2009 and our website received a sum total of 22,56,11,000 page views and 19,31,99,000 minutes during this period.

Our Website was the second largest (by number of Unique Visitors) electronic greeting cards website in the world with 9,14,02,238 Unique Visitors during the twelve month period from September 2008 to August 2009. During this period, our Website ranked as the No.1 greeting card website in five months in terms of total Unique Visitors. Our market position makes us a premier destination for advertisers and first time users seeking electronic greeting card services.

#### ***Well established and widely recognized website and brand***

We believe that 123greetings.com is a well established and widely recognized website and brand name in India and around the world. The name of our Website, which is also our business name, is easy to remember, enjoys significant user recall and correlates directly to the services that our users seek, i.e. an easy to use portal to send electronic greetings. We believe that the recognition enjoyed by our Website helps it gain the advantage of high recall amongst potential users.

Our widely recognised and frequently visited Website provides our advertisers the confidence to advertise with us through a CPM model. Our advertisers include major U.S. based organizations in the entertainment, retail, information technology and internet space.

#### ***Experience and Know How***

Our electronic greetings business was started in 1997 as a result of which we are one of the oldest providers of electronic greetings in India and the world. Our twelve year history of providing electronic greetings has enabled us to establish a large user and advertiser base. Our long relationship with our users also allows us to provide them with customized and targeted services which suit their specific requirements.

#### ***We are able to develop content that caters to our users***

We aim to provide content that capture expressions identifiable with various cultures, values, religions and emotions. We have a dedicated content development team consisting of 16 creative professionals, who conceptualize, develop, create and provide artistic, photographic and musical content. We actively seek feedback from our users on the content we provide through ratings, suggestions and comments. We believe we are able to cater to the specific requirements of our various users across different cultures and geographies.

#### ***Our user and advertiser relationships***

We seek to develop, establish and maintain continuing relationships with our users and our advertisers. We have a feature in our Website which recognizes previous users by using cookies, thereby facilitating them to send cards to previously used addresses and encourages them to return to our site for their electronic greeting needs. We reach out to our users through database marketing and newsletters from our editors. We interact with our users through social networking sites, blogs, and other media to ensure continued relationship. We believe these measures help us significantly in ensuring that users frequent our Website. We have teams of external consultants in the United States and Singapore and sales and support teams in India that market our offerings and provide support services to our advertisers.

Our sales and marketing approach involves engaging consultants to reach advertisers directly and also approaching advertiser aggregators. Our consultants are provided the necessary training and information resources and they approach advertisers and target events and exhibitions where potential advertisers are acquired. Our consultants also approach certain advertiser aggregators and agencies to provide us with a large number of advertisers who have entered into arrangements with such advertiser aggregators and agencies for the purchase of various advertising services.

***We have certain advantages over traditional greeting card companies and subscription based electronic greeting card companies.***

We believe that the ease of use of our Website and our services provide us an advantage over traditional greeting card companies. We believe our users would prefer our services over traditional greeting cards for several reasons such as: (a) our services are free of cost and do not involve any further postage or delivery expenses; (b) our users are able to search from over 20,000 designs as opposed to a limited number available at traditional greeting card stores; (c) our users can use our on-line text based search facility and our categorized index to arrive at the card of their choice; (d) electronic greeting cards provide a richer user experience through multimedia features such as music, videos and animation; (e) our users are able to customize and personalize their greeting cards to their personal preference; (f) our Website permits our users to mail their greeting cards to large groups of recipients; and (g) electronic greetings also ensure private, secure and instant delivery of the greeting cards along with a confirmation of its receipt. We believe that our non subscription based policy is an advantage in periods of economic downturn where consumers are trying to reduce expenditure and would therefore prefer sending free electronic greetings cards over traditional greeting cards or subscription based electronic greeting cards.

***We have the technological expertise to improve and develop our services portfolio.***

We believe that our technical team designs and delivers flexible systems that have enabled us to deploy newer services within shorter time frames whilst our users enjoy a simple and responsive website which is available during times of high demand and allows us to save on infrastructure costs during periods of low usage. Our technological infrastructure, cloud-compatible applications and scalable systems provide us with the flexibility of catering to varying levels of traffic. As an expressions website, our focus lies in strengthening human relationships through creative expressions with technology providing us an environment that is reliable at times when needed most, flexible to meet growing demands and capable of catering to a global audience.

Our technological expertise also permits us to add several user features such as audio and animation content which enhance user experience and also host several advanced advertisement formats such as audio and video formats and other rich media advertisement formats which yield higher revenue due to their increased visibility.

***We have an experienced and innovative management.***

We believe that we have an experienced senior management team that has successfully expanded our business and increased our revenues, mostly through internal growth. We believe our senior management has the experience and expertise to assess key aspects of our business such as developments in technology and understanding the value of localization to increase the number of visitors of our site, which in turn will lead to an increase in our advertisement revenues. We believe that the skill, industry and business knowledge and operating experience of our senior executives led by our Promoters, provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets and lines of business.

***Our strategy***

We seek to maintain our position as the leading provider of electronic greeting cards in India and the world and further enhance our position as one of the leading providers of internet based expressions. In order to achieve these objectives, we plan to implement the following strategies:

***Using our Website as a platform for online gifting services***

We derived 89.91% of our revenues in Fiscal 2009 and 81.92% of our revenues in the three month period ending June 30, 2009 from our online advertising activities.

We believe that our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website thereby increasing our revenues from users accessing our Website.

Therefore, we are exploring the possibility of offering online gift giving services on our Website by entering into e-commerce relationships with leading vendors in a variety of gift categories. We have an eight member team as of October 23, 2009 engaged in examining the process of implementing our e-commerce initiatives, in addition to our advertising and sales departments. The team would also evaluate

potential e-commerce partners on various parameters such as reception of their products by our targeted users, compatibility with the purchasing habits of our users and profitability.

We have also engaged in limited test marketing of certain gift articles using a third party online market place. While our revenues from these activities to date have been insignificant in relation to our total revenues, we expect to derive an increasing percentage of our revenues from e-commerce activities based on our Website in the future.

In addition to relationships with e-commerce partners for drop shipping arrangements, we propose to enter into arrangements with potential e-commerce partners to provide us with e-commerce services that enable us to sell products and services directly through our Website using third party licensed software and tools. We propose to undertake this once we have established a sizeable user database which would reflect their purchasing orientations. Under these agreements, these partners aggregate and supply us with access to a wide range of products that are available directly from our Website. These partners also have agreed to process orders and coordinate the fulfillment and shipment of orders for products sold through our Website. Therefore, currently we envisage only the processing of payment and would not require any working capital or the requirement to maintain an inventory.

#### ***Continued emphasis on innovation and customization of our services***

We recognize the importance of continued innovation of our services. To this extent we intend to enhance the utility and features of our existing services and create new services and features which contain current and topical content and are customized for our diverse groups of users based on their geographic location, interests and other criteria. We believe that this will enable us to increase our business from our existing users and will also assist us in acquiring new users by targeting specific demographic and interest groups.

To facilitate this mode of delivery we have incorporated several value added distributive services on our platform. These include additional computer widgets which are under development and a new affiliates feature which allows affiliates to license and include topic specific content from our content bank on their respective websites by paying a portion of their revenues from such content to us.

#### ***Enhancement of our advertising revenue streams***

We believe that the popularity of our Website enhances our attractiveness as a location for advertising on the internet; we intend to enhance the same through the efforts of our sales and marketing team and through aggressively building our brand through online and traditional advertising. We have an inventory of advertising space on our Website, which we sell to our advertisers for periods from one month to one year. We intend to enhance our revenues generated by advertising and to diversify the revenue model. We are also contemplating providing sponsored links, whereby advertisers provide a link to their websites from our Website. We are also focusing on capturing a greater share of our existing advertisers' online advertising budgets. We are also considering strengthening our distribution partnerships with major internet content and service providers through integration, co-branding and joint marketing programs.

Advances in technology have permitted advertisements in newer and richer formats which include flash, video and audio content which yield increased revenues from advertisers due to the increased visibility received from such advertisements. We believe that our Website which supports such rich media advertisements would help us increase our advertisement revenues.

#### ***Expand the scope and geographical presence of our business***

With respect to the international markets, we intend to customize our services to the extent necessary to cater to the local conditions of those markets, including the creation and operation of websites specific to such markets and include content in foreign languages. We intend to focus on East Asian markets including China and Japan. We believe that such expansion with local customization will enable us to meet the competition in such markets effectively.

#### ***Growth through a combination of inorganic and organic growth***

We recognize, given the existing nature of our business, our need for traffic-specific models of growth and expansion. We intend to focus on growing the number of Unique Visitors on our site, based on a model most suitable for our Company. We intend to evaluate acquisition opportunities as well as organic growth. We are also continually evaluating strategic alliances for the growth and expansion of our business, as such measures will allow us to achieve economies of scale in the long run.



## THE ISSUE

The following table summarizes the Issue details:

Issue of Equity Shares		37,00,000 Equity Shares
Of which:		
Qualified Institutional Buyers (QIBs) Portion		At least 18,50,000 Equity Shares
<i>of which</i>		
Available for Mutual Funds only		92,500 Equity Shares
Balance of QIB Portion (available for QIBs including Mutual Funds)		17,57,500 Equity Shares
Non-Institutional Portion		Not less than 5,55,000 Equity Shares
Retail Portion		Not less than 12,95,000 Equity Shares
<b>Pre and post-Issue Equity Shares</b>		
Equity Shares outstanding prior to the Issue		1,10,31,678 Equity Shares
Equity Shares outstanding after the Issue		1,47,31,678 Equity Shares
Use of Issue Proceeds		See “Objects of the Issue” on page 34 about the use of the Issue Proceeds.

Allocation to all categories shall be made on a proportionate basis. 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 our Company, in consultation with the BRLMs and the Designated Stock Exchange.

If at least 50% of the Issue cannot be Alloted to QIBs, then the entire application money will be refunded forthwith.

## SUMMARY FINANCIAL INFORMATION

### A. Summary of our restated consolidated financial statements

Consolidated Statement of Assets and Liabilities, As Restated						
(Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	631.99	617.82	634.58	779.11	731.47	390.10
Less: Accumulated Depreciation	436.68	425.12	386.94	397.70	324.08	240.99
Net block	195.31	192.70	247.63	381.41	407.39	149.11
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of revaluation reserve	195.31	192.70	247.63	381.41	407.39	149.11
Capital Work in progress including capital advances	-	-	-	-	-	-
<b>Total</b>	<b>195.31</b>	<b>192.70</b>	<b>247.63</b>	<b>381.41</b>	<b>407.39</b>	<b>149.11</b>
<b>B. Intangible Assets</b>						
Gross Block	425.85	425.75	124.04	123.93	101.41	101.41
Less: Amortization	170.11	141.36	110.80	101.92	101.40	101.37
Net Block	255.74	284.39	13.24	22.01	0.01	0.04
Capital Work in progress including capital advances	1,108.09	1,042.32	764.94	342.78	-	-
<b>Total</b>	<b>1,363.83</b>	<b>1,326.70</b>	<b>778.18</b>	<b>364.79</b>	<b>0.01</b>	<b>0.04</b>
<b>C. Investments</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>91.90</b>
<b>D. Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	471.12	506.53	419.47	257.71	100.07	168.91
Cash & Bank Balances	1,866.39	1,874.92	2,012.72	214.34	299.82	275.20
Other Current Assets	32.50	32.46	32.62	9.74	0.46	0.48
Loans & Advances	313.05	305.91	135.83	97.42	35.82	42.11

<b>Total</b>	<b>2,683.06</b>	<b>2,719.82</b>	<b>2,600.63</b>	<b>579.21</b>	<b>436.17</b>	<b>486.70</b>
<b>F. Liabilities &amp; Provisions</b>						
Current Liabilities & Provisions	366.53	418.48	172.61	226.98	62.33	69.97
Share application money	-	-	-	-	-	-
Secured Loan	197.81	201.79	-	1.52	7.65	8.98
Unsecured Loan	40.61	-	15.00	-	-	-
<b>Total</b>	<b>604.95</b>	<b>620.26</b>	<b>187.61</b>	<b>228.50</b>	<b>69.98</b>	<b>78.95</b>
<b>G. Deferred Tax Liability</b>	<b>21.97</b>	<b>20.67</b>	<b>5.24</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>
<b>H. Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33.05</b>	<b>32.79</b>
<b>I. Net Worth (A+B+C+D+E-F-G-H)</b>	<b>3,715.28</b>	<b>3,698.28</b>	<b>3,533.60</b>	<b>1,169.13</b>	<b>710.93</b>	<b>606.79</b>
<b>Net Worth represented by:</b>						
<b>J. Equity Share Capital</b>	<b>132.01</b>	<b>132.01</b>	<b>132.01</b>	<b>131.91</b>	<b>100.00</b>	<b>100.00</b>
<b>K. Preference Share Capital</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L. Reserves and Surplus</b>						
Share Premium	30.35	30.35	30.35	22.78	1,752.56	1,752.56
Debenture Redemption Reserve	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Profit and Loss Account	689.43	603.20	745.36	344.28	(1,688.87)	(1,636.81)
Any other reserve (other than Revaluation Reserve)	1,362.00	1,367.55	673.77	670.40	547.24	391.04
<b>Total</b>	<b>2,081.78</b>	<b>2,001.11</b>	<b>1,449.49</b>	<b>1,037.46</b>	<b>610.93</b>	<b>506.79</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	<b>460.53</b>	<b>396.86</b>	<b>9.92</b>	<b>0.25</b>	<b>-</b>	<b>-</b>
<b>M. Net Worth (J+K+L)</b>	<b>3,715.28</b>	<b>3,698.28</b>	<b>3,533.60</b>	<b>1,169.13</b>	<b>710.93</b>	<b>606.79</b>

Consolidated Statement of Profit and Losses, As Restated						
Particulars	Period Ended June 30, 2009	March 31, 2009	March 31, 2008	Year ended		March 31, 2005
				March 31, 2007	March 31, 2006	
<b>I. Income</b>						
Operating Income	392.02	2,138.82	1,963.62	1,714.53	1,626.73	1,483.34
Other Income	48.23	196.32	54.25	13.15	14.23	10.26
<b>Total-A</b>	<b>440.25</b>	<b>2,335.15</b>	<b>2,017.86</b>	<b>1,727.68</b>	<b>1,640.95</b>	<b>1,493.60</b>
<b>II. Expenditure</b>						
Operating Expenses	67.52	236.63	198.44	255.74	305.82	371.49
Administration & Other Expenses	140.64	996.39	764.40	521.75	636.70	528.75
Employee Remuneration & benefits	67.31	343.28	520.38	434.74	397.69	321.91
Finance Charges	6.40	6.46	9.11	0.21	0.59	0.68
Depreciation	42.01	98.41	136.29	144.57	87.20	43.00
Amortization of Deferred Revenue Expenditure	28.33	99.80	2.45	0.03	-	0.02
<b>Total-B</b>	<b>352.21</b>	<b>1,780.97</b>	<b>1,631.07</b>	<b>1,357.04</b>	<b>1,428.00</b>	<b>1,265.85</b>
<b>III. Profit before taxation (A-B)</b>	<b>88.04</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>
<b>Extra Ordinary Items</b>	-	-	-	-	-	-
<b>IV. Profit before taxation and after Extra Ordinary items</b>	<b>88.04</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>
Less: Provision for taxation						
-Current	14.94	63.88	49.01	42.43	0.66	1.45
-Deferred	1.29	15.44	(18.83)	(1.84)	20.40	6.73
-Fringe benefit tax	-	3.34	3.62	2.35	2.66	-
-MAT Credit Entitlement	(14.42)	(61.31)	(89.01)	-	-	-
<b>V. Profit After Taxation and Extra Ordinary Items as per audited statement of accounts (C)</b>	<b>86.23</b>	<b>532.82</b>	<b>442.00</b>	<b>327.71</b>	<b>189.22</b>	<b>219.56</b>
<b>Less: Minority Interest</b>	-	-	-	-	<b>0.25</b>	<b>6.09</b>

**Annexure B**  
(Rupees in Lakhs)

<b>VI. Profit After Taxation &amp; Minority Interest as per audited statement of accounts (D)</b>	<b>86.23</b>	<b>532.82</b>	<b>442.00</b>	<b>327.71</b>	<b>188.97</b>	<b>213.48</b>
Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	40.92	(40.73)	(0.19)	-
Tax impact on adjustments	-	-	-	-	-	-
<b>Total adjustments net of tax impact (E)</b>	<b>-</b>	<b>-</b>	<b>40.92</b>	<b>(40.73)</b>	<b>(0.19)</b>	<b>-</b>
<b>VII. Adjusted profit/(loss)(D+E)</b>	<b>86.23</b>	<b>532.82</b>	<b>401.08</b>	<b>368.44</b>	<b>189.17</b>	<b>213.48</b>
Surplus/(Deficit) brought forward from the Previous year (*)	603.20	745.36	344.28	45.90	(1,636.81)	(1,690.34)
<b>VIII. Profit available for appropriation</b>	<b>689.43</b>	<b>1,278.19</b>	<b>745.36</b>	<b>414.35</b>	<b>(1,447.65)</b>	<b>(1,476.87)</b>
Debenture Redemption Reserve	-	-	-	--	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-
Transfer to General Reserve		674.98	-	32.22	150.00	75.00
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Preference dividend	-	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	32.98	80.00	75.00
Tax on dividend	-	-	-	4.86	11.22	9.95
Issue of Bonus shares	-	-	-	-	-	-
<b>IX. Adjusted Available Surplus/(Deficit) carried</b>	<b>689.43</b>	<b>603.20</b>	<b>745.36</b>	<b>344.28</b>	<b>(1,688.87)</b>	<b>(1,636.81)</b>
<b>Note: (*) Difference in brought forward balances as on 01.04.2006 is due to Amalgamation of a Subsidiary - One Two Three India.com Ltd. with the Parent Company - IntraSoft Technologies Limited w.e.f. 01.04.2006</b>						

Consolidated Statement of Cash Flows, from the Restated Financial Statements							Annexure C (Rupees in Lakhs)
Particulars	Period Ended June 30, 2009	March 31, 2009	March 31, 2008	Year ended March 31, 2007	March 31, 2006	March 31, 2005	
A. CASH FLOW FROM OPERATING ACTIVITIES							
Net Profit before taxation and extraordinary items:	88.04	554.17	386.79	370.65	212.96	227.75	
Adjustments for:							
Depreciation	42.01	98.41	136.29	144.57	87.20	43.00	
Amortization of Deferred Revenue Expenditure	28.33	99.80	2.45	0.03	-	0.02	
Foreign exchange loss	-	-	-	-	-	-	
Loss on sale of fixed assets (net)	-	8.86	46.32	3.56	-	-	
Loss on sale of investments (net)	-	-	-	-	(2.13)	-	
Provision for diminution in value of investments	-	-	-	-	-	-	
Miscellaneous Income	-	-	(1.88)	-	-	-	
Provisions no longer required, written back	-	-	-	0.02	-	-	
Dividend Received	-	-	(6.25)	-	(0.00)	-	
Gain on exchange fluctuation	(6.86)	16.68	10.58	(3.89)	6.12	(6.05)	
Finance charges	6.40	6.46	9.11	0.21	0.59	0.68	
Interest Received	(48.23)	(150.24)	(46.11)	(13.15)	(11.59)	(7.73)	
Provision for doubtful advance	-	-	-	-	-	-	
Fixed assets written off	-	-	-	-	-	-	
Cash generated from operations before Working Capital Changes	109.70	634.14	537.30	502.00	293.14	257.67	
Adjustments for:							
Changes in Trade and Other Receivables	26.47	(87.07)	(161.76)	(157.64)	68.84	32.23	
Changes in Trade Payables	(42.48)	245.35	(51.16)	176.22	6.42	(4.90)	
Changes in Advance and Deposits	10.69	(89.11)	14.49	(26.41)	9.66	(14.59)	
Cash generated from/(used in) Operations	104.38	703.31	338.87	494.17	378.06	270.41	
Taxes paid (net)	(17.16)	(86.36)	(59.51)	(38.59)	(3.66)	4.63	
Net Cash Flow from /(used in) Operating Activities	87.22	616.95	279.36	455.58	374.41	275.04	
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES							
Purchase of Fixed Assets	(16.38)	(327.07)	(58.10)	(144.40)	(346.33)	(93.85)	
Sale of Fixed Assets	-	5.71	17.20	0.20	0.95	0.12	

(Purchase)/Sale of Investments (net)	-	-	-	-	91.90	(19.99)
Profit on Sale of Investments	-	-	-	-	2.13	-
Change in Capital Work in Progress	(65.78)	(277.38)	(422.16)	(342.78)	-	11.75
Change in Deferred Revenue Expenses	(92.00)	(486.74)	-	(0.28)	-	-
Interest Received	48.19	150.40	23.23	3.85	11.61	7.39
Dividend Received	-	-	6.25	-	0.00	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>(125.97)</b>	<b>(935.08)</b>	<b>(433.58)</b>	<b>(483.41)</b>	<b>(239.74)</b>	<b>(94.58)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	-	-	1,969.69	-	-	-
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	(3.98)	201.79	(1.52)	(6.13)	(1.33)	(0.51)
Proceeds in Unsecured Loan	40.61	(15.00)	15.00	-	-	-
Share Issue Expenses	-	-	(12.12)	-	-	-
Finance Charges Paid	(6.40)	(6.46)	(9.11)	(0.21)	(0.59)	(0.68)
Dividend Paid (including dividend distribution tax)	-	-	(9.33)	(51.31)	(108.13)	(67.79)
<b>Net Cash from / (used in) Financing Activities</b>	<b>30.22</b>	<b>180.32</b>	<b>1,952.60</b>	<b>(57.65)</b>	<b>(110.05)</b>	<b>(68.99)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>(8.53)</b>	<b>(137.80)</b>	<b>1,798.38</b>	<b>(85.47)</b>	<b>24.62</b>	<b>111.47</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,874.92</b>	<b>2,012.72</b>	<b>214.34</b>	<b>299.82</b>	<b>275.20</b>	<b>163.73</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,866.39</b>	<b>1,874.92</b>	<b>2,012.72</b>	<b>214.34</b>	<b>299.82</b>	<b>275.20</b>
Components of cash and cash equivalent						
- Cash and cheques on hand	0.11	0.08	1.82	1.86	2.19	2.64
- With banks						
- On current account	116.28	124.84	100.90	82.48	76.30	67.06
- On deposit account restricted	-	-	-	-	-	-
- On deposit account unrestricted	1,750.00	1,750.00	1,910.00	130.00	221.33	205.50

**B. Summary of our restated standalone financial statements**

Particulars	Standalone Statement of Assets and Liabilities, As Restated					
	(Rupees in Lakhs)					
	June 30, 2009	March 31, 2009	As at March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	592.01	576.17	602.67	747.21	600.63	264.59
Less: Accumulated Depreciation	404.60	392.22	363.83	375.92	206.38	128.29
<b>Net block</b>	<b>187.41</b>	<b>183.95</b>	<b>238.84</b>	<b>371.29</b>	<b>394.26</b>	<b>136.30</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of revaluation reserve	187.41	183.95	238.84	371.29	394.26	136.30
Capital Work in progress including capital advances	-	-	-	-	-	-
<b>Total</b>	<b>187.41</b>	<b>183.95</b>	<b>238.84</b>	<b>371.29</b>	<b>394.26</b>	<b>136.30</b>
<b>B. Intangible Assets</b>						
Gross Block	425.84	425.75	124.04	123.93	-	-
Less: Amortization	170.11	141.36	110.80	101.92	-	-
Net Block	255.73	284.39	13.24	22.01	-	-
Capital Work in progress including capital advances	1,108.09	1,042.32	764.94	342.78	-	-
<b>Total</b>	<b>1,363.82</b>	<b>1,326.70</b>	<b>778.18</b>	<b>364.79</b>	<b>-</b>	<b>-</b>
<b>C. Investments</b>	<b>207.17</b>	<b>207.17</b>	<b>207.17</b>	<b>153.15</b>	<b>143.15</b>	<b>235.05</b>
<b>D. Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	265.69	322.30	333.03	203.94	69.21	140.16
Cash & Bank Balances	1,777.42	1,796.92	1,959.74	143.49	126.36	103.28
Other Current Assets	32.50	32.46	32.62	9.74	0.28	0.25
Loans & Advances	297.82	289.89	121.83	90.03	24.58	31.15
<b>Total</b>	<b>2,373.43</b>	<b>2,441.58</b>	<b>2,447.22</b>	<b>447.19</b>	<b>220.42</b>	<b>274.84</b>
<b>F. Liabilities &amp; Provisions</b>						



Current Liabilities & Provisions	297.68	344.46	115.13	154.86	44.25	50.90
Share application money	-	-	-	-	-	-
Secured Loan	105.51	107.47	-	1.52	7.65	8.98
Unsecured Loan	-	-	-	-	-	-
<b>Total</b>	<b>403.19</b>	<b>451.93</b>	<b>115.13</b>	<b>156.39</b>	<b>51.90</b>	<b>59.88</b>
<b>G. Deferred Tax Liability</b>	<b>21.87</b>	<b>20.57</b>	<b>5.21</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>3,706.77</b>	<b>3,686.90</b>	<b>3,551.07</b>	<b>1,152.26</b>	<b>676.31</b>	<b>577.10</b>
<b>Net Worth represented by:</b>						
<b>I. Equity Share Capital</b>	<b>132.01</b>	<b>132.01</b>	<b>132.01</b>	<b>131.91</b>	<b>100.00</b>	<b>100.00</b>
<b>J. Preference Share Capital</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>1,962.02</b>	-	-	-
<b>K. Reserves and Surplus</b>						
Share Premium	30.35	30.35	30.35	22.78	-	-
Debenture Redemption Reserve	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Profit and Loss Account	696.60	613.04	765.22	319.20	26.31	77.10
Any other reserve (other than Revaluation Reserve)	1,346.14	1,346.14	671.16	678.36	550.00	400.00
<b>Total</b>	<b>2,073.09</b>	<b>1,989.53</b>	<b>1,466.73</b>	<b>1,020.34</b>	<b>576.31</b>	<b>477.10</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	<b>460.35</b>	<b>396.67</b>	<b>9.70</b>	-	-	-
<b>L. Net Worth (I+J+K)</b>	<b>3,706.77</b>	<b>3,686.90</b>	<b>3,551.07</b>	<b>1,152.26</b>	<b>676.31</b>	<b>577.10</b>

Standalone Statement of Profit and Losses, As Restated						
(Rupees in Lakhs )						
Particulars	Period Ended June 30, 2009	Year ended				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>I. Income</b>						
Operating Income	200.15	856.21	1,146.38	978.85	894.51	899.73
Other Income	48.22	196.23	54.25	13.15	7.45	4.96
<b>Total-A</b>	<b>248.37</b>	<b>1,052.44</b>	<b>1,200.62</b>	<b>992.00</b>	<b>901.96</b>	<b>904.69</b>
<b>II. Expenditure</b>						
Operating Expenses	0.62	2.86	11.99	24.83	165.90	257.33
Administration & Other Expenses	41.92	125.23	320.20	196.10	137.32	206.08
Employee Remuneration & benefits	48.61	188.00	293.63	265.71	302.37	212.87
Finance Charges	2.91	0.91	9.11	0.21	0.59	0.68
Depreciation	41.13	94.57	132.61	141.58	82.51	36.29
Amortization of Deferred Revenue Expenditure	28.32	99.77	2.42	-	-	0.02
<b>Total-B</b>	<b>163.51</b>	<b>511.36</b>	<b>769.97</b>	<b>628.43</b>	<b>688.67</b>	<b>713.27</b>
<b>III. Profit before taxation (A-B)</b>	<b>84.86</b>	<b>541.09</b>	<b>430.65</b>	<b>363.57</b>	<b>213.29</b>	<b>191.42</b>
<b>Extra Ordinary Items</b>	-	-	-	-	-	-
<b>IV. Profit before taxation and after Extra Ordinary items</b>	<b>84.86</b>	<b>541.09</b>	<b>430.65</b>	<b>363.57</b>	<b>213.29</b>	<b>191.42</b>
<b>Less: Provision for taxation</b>						
-Current	14.42	61.35	48.17	40.86	0.19	0.28
-Deferred	1.30	15.37	(18.86)	(1.84)	20.40	6.73
-Fringe benefit tax	-	2.88	3.40	2.33	2.45	-
-MAT Credit Entitlement	(14.42)	(61.31)	(89.01)	-	-	-
<b>V. Profit After Taxation and Extra Ordinary Items as per audited statement of accounts (C)</b>	<b>83.56</b>	<b>522.80</b>	<b>486.95</b>	<b>322.22</b>	<b>190.24</b>	<b>184.40</b>
Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	40.92	(40.73)	(0.19)	-

Tax impact on adjustments	-	-	-	-	-	-
<b>Total adjustments net of tax impact (D)</b>	<b>-</b>	<b>-</b>	<b>40.92</b>	<b>(40.73)</b>	<b>(0.19)</b>	<b>-</b>
<b>VI. Adjusted profit/(loss)(C+D)</b>	<b>83.56</b>	<b>522.80</b>	<b>446.02</b>	<b>362.95</b>	<b>190.43</b>	<b>184.40</b>
Surplus/(Deficit) brought forward from the Previous year (*)	613.04	765.22	319.20	26.31	77.10	52.64
<b>VII. Profit available for appropriation</b>	<b>696.60</b>	<b>1,288.02</b>	<b>765.22</b>	<b>389.26</b>	<b>267.53</b>	<b>237.04</b>
Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-
Transfer to General Reserve	-	674.98	-	32.22	150.00	75.00
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Preference dividend	-	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	32.98	80.00	75.00
Tax on dividend	-	-	-	4.86	11.22	9.95
Issue of Bonus shares	-	-	-	-	-	-
<b>VIII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>696.60</b>	<b>613.04</b>	<b>765.22</b>	<b>319.20</b>	<b>26.31</b>	<b>77.10</b>
<b>Note: (*) Difference in brought forward balances as on 01.04.2006 is due to Amalgamation of a Subsidiary - One Two Three India.com Ltd. with the Parent Company - IntraSoft Technologies Limited w.e.f. 01.04.2006</b>						

Standalone Statement of Cash Flows, from the Restated Financial Statements						
(Rupees in Lakhs )						
Particulars	Period Ended	Year ended				
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before taxation and extraordinary items:	84.86	541.09	430.65	363.57	213.29	191.42
Adjustments for:						
Depreciation	41.13	94.57	132.61	141.58	82.51	36.29
Amortization of Deferred Revenue Expenditure	28.32	99.77	2.42	-	-	0.02
Foreign exchange loss	-	-	-	-	-	-
Loss on sale of fixed assets (net)	-	8.86	43.68	3.56	-	-
Loss on sale of investments (net)	-	-	-	-	(2.13)	-
Provision for diminution in value of investments	-	-	-	-	-	-
Provisions no longer required, written back	-	-	-	0.02	-	-
Miscellaneous Income	-	-	(1.88)	-	-	-
Dividend Received	-	-	(6.25)	-	-	-
Gain on exchange fluctuation	-	-	-	-	-	-
Finance charges	2.91	0.91	9.11	0.21	0.59	0.68
Interest Received	(48.23)	(150.24)	(46.11)	(13.15)	(4.87)	(3.10)
Provision for doubtful advance	-	-	-	-	-	-
Fixed assets written off	-	-	-	-	-	-
<b>Cash generated from operations before Working Capital Changes</b>	<b>109.00</b>	<b>594.96</b>	<b>564.23</b>	<b>495.79</b>	<b>289.39</b>	<b>225.31</b>
Adjustments for:						
Changes in Trade and Other Receivables	56.61	10.73	(129.09)	(125.29)	70.95	33.03
Changes in Trade Payables	(46.33)	229.41	(38.46)	115.83	7.61	(1.44)
Changes in Advance and Deposits	8.48	(92.24)	16.22	(20.79)	10.26	(7.45)
<b>Cash generated from/(used in) Operations</b>	<b>127.76</b>	<b>742.85</b>	<b>412.90</b>	<b>465.55</b>	<b>378.22</b>	<b>249.45</b>
Taxes paid (net)	(16.86)	(78.82)	(52.48)	(37.19)	(3.49)	5.11

<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>110.90</b>	<b>664.04</b>	<b>360.42</b>	<b>428.37</b>	<b>374.72</b>	<b>254.56</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	(15.94)	(325.24)	(50.97)	(137.77)	(341.41)	(85.71)
Sale of Fixed Assets	-	5.56	15.90	0.20	0.95	-
(Purchase)/Sale of Investments (net)	-	-	(54.02)	(10.00)	91.90	(19.99)
Profit on sales of Investment	-	-	-	-	2.13	-
Change in Capital Work in Progress	(65.78)	(277.38)	(422.16)	(342.78)	-	11.75
Change in Deferred Revenue Expenses	(92.00)	(486.74)	-	-	-	-
Interest Received	48.19	150.40	23.23	3.85	4.84	2.85
Dividend Received	-	-	6.25	-	-	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>(125.53)</b>	<b>(933.41)</b>	<b>(481.77)</b>	<b>(486.49)</b>	<b>(241.60)</b>	<b>(91.10)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	-	-	1,969.69	-	-	-
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	(1.96)	107.47	(1.52)	(6.13)	(1.33)	(0.51)
Proceeds in Unsecured Loan	-	-	-	-	-	-
Share Issue Expenses	-	-	(12.12)	-	-	-
Finance Charges Paid	(2.91)	(0.91)	(9.11)	(0.21)	(0.59)	(0.68)
Dividend Paid (including dividend distribution tax)	-	-	(9.33)	(51.31)	(108.13)	(67.79)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(4.87)</b>	<b>106.56</b>	<b>1,937.60</b>	<b>(57.65)</b>	<b>(110.05)</b>	<b>(68.99)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>(19.50)</b>	<b>(162.81)</b>	<b>1,816.25</b>	<b>(115.78)</b>	<b>23.08</b>	<b>94.47</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,796.92</b>	<b>1,959.74</b>	<b>143.49</b>	<b>259.26</b>	<b>103.28</b>	<b>8.81</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,777.42</b>	<b>1,796.92</b>	<b>1,959.74</b>	<b>143.49</b>	<b>126.36</b>	<b>103.28</b>
Components of cash and cash equivalent						
- Cash and cheques on hand	-	0.02	1.82	1.86	2.14	2.58
- With banks						

- On current account	27.42	46.90	47.92	11.62	24.21	20.70
- On deposit account restricted	-	-	-	-	-	-
- On deposit account unrestricted	1,750.00	1,750.00	1,910.00	130.00	100.00	80.00

## GENERAL INFORMATION

Our Company was originally incorporated on February 27, 1996 in Kolkata as a private limited company under the Companies Act with the Registrar of Companies, West Bengal (“**RoC**”). We became a deemed public company by virtue of Section 43A of the Companies Act with effect from July 6, 2000. Consequent to the amendment of Section 43A of the Companies Act, we became a private limited company with effect from March 13, 2002. Pursuant to the Scheme of Amalgamation of One Two Three India.com Limited with our Company, our Company became a public limited company and the name of our Company was changed to Intrasoft Technologies Limited with effect from October 16, 2007. For details of changes in the name and registered office of our Company, see “History and Corporate Structure” on page 74.

### Registered Office of our Company:

Intrasoft Technologies Limited  
Fifth Floor, No.145, Rash Behari Avenue  
Kolkata 700 029, West Bengal, India  
Tel: +91 33 2464 3306  
Fax: +91 33 2464 6584  
E-mail: ipo@itlindia.com  
Website: www.123greetings.com

Registration Number: 21-77641  
Company Identification Number: U24133WB1996PLC077641

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, West Bengal, situated at the following address: Registrar of Companies, West Bengal, Nizam Palace II, MSO Building, Second Floor, 234/4 AJC Bose Road, Kolkata 700 020, West Bengal, India.

**Note:** Pursuant to a resolution by the shareholders on August 5, 2009, we have filed a petition dated September 14, 2009 before the Company Law Board, Kolkata for shifting our registered office from Kolkata, West Bengal to Mumbai, Maharashtra.

### Board of Directors

Our Board of Directors comprises the following:

Name, Designation and Occupation	Age (years)	DIN	Address
Arvind Kajaria <i>Managing Director</i>	45	00106901	15B/1A, Raja Santosh Road Alipore, Kolkata 700 027, India
Occupation: Business			
Sharad Kajaria <i>Whole time Director</i>	33	00108036	15B/1A, Raja Santosh Road Alipore, Kolkata 700 027, India
Occupation: Business			
Amitava Ghose <i>Independent Director</i>	47	02776685	22, Ballygunge Park Road Kolkata 700 019, India
Occupation: Professional			
Deepak Narottamdas Kanabar <i>Independent Director</i>	45	01402864	404, Maker Chambers V 221, Nariman Point Mumbai 400 021, India
Occupation: Professional			
Vishal Agarwal <i>Independent Director</i>	32	0757759	No. 1-J, Lake Plaza 277, Jessore Road Kolkata 700 048, India
Occupation: Professional			
Rupinder Singh	50	02815733	Flat III/C2, Aasha Co-operative

Name, Designation and Occupation	Age (years)	DIN	Address
<i>Independent Director</i>			Housing Society Limited 93, Deshpriya Sasmal Road Kolkata 700 033, India
Occupation: Professional			

For further details of our Directors, see “Our Management” on page 80.

#### **Company Secretary and Compliance Officer:**

Rajendra Kumar Chotia  
Fifth Floor, No. 145, Rash Behari Avenue  
Kolkata 700 029, West Bengal, India  
Tel: +9133 2464 3306  
Fax: +91 33 2464 6584  
Email: ipo@itlindia.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Investors.

<b>Book Running Lead Managers:</b>	
<b>Collins Stewart Inga Private Limited</b> A404, Neelam Centre Hind Cycle Road, Worli Mumbai 400 030, India Tel: +91 22 2498 2919 Fax: +91 22 2498 2956 Email: itl.ipo@csinga.com Website: www.csinga.com Contact Person: Venkata Raveendra R / Shruti Vishwanath	<b>Anand Rathi Advisors Limited</b> 11 <sup>th</sup> Floor, Times Tower Kamala City Senapati Bapat Marg, Lower Parel Mumbai 400 013, India Tel : +91 22 4047 7000 Fax: +91 22 4047 7070 Email: itl@rathi.com Website: www.rathi.com Contact Person: Akshay Bhandari / Rajesh Biyani

#### **Syndicate Members:**

[•]

#### **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

#### **Domestic Legal Counsel to the Issue**

**Amarchand & Mangaldas & Suresh A. Shroff & Co.**  
201, Midford House  
Midford Garden (Off M. G. Road)  
Bangalore 560 001, India  
Tel: +91 80 2558 4870  
Fax: +91 80 2558 4266  
Email: intrasoftipo.workgroup@amarchand.com



**Registrar to the Issue:****Link Intime India Private Limited**

C13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078, India  
Tel: +91 22 2596 0320  
Fax: +91 22 2596 0329  
Email: intrasoft.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Sachin Achar

**Bankers to the Issue and Escrow Collection Banks:**

[•]

**Bankers to our Company:****HDFC Bank Limited**

2/6, Sarat Bose Road  
Central Plaza Branch  
Kolkata 700 020, India  
Tel: +91 33 30578293  
Fax: +91 33 22837907  
Email: shajan.varghese@hdfcbank.com

**Indian Overseas Bank**

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Kolkata 700 025, India  
Tel: +91 33 24758754  
Fax: +91 33 24750618  
Email: lansebr@calmsco.iobnet.co.in

**Statutory Auditors to our Company:****K.N. Gutgutia & Co.**

6C, Middleton Street  
Kolkata 700 071, India  
Tel: +91 33 2287 3735  
Fax: +91 33 2287 3756  
Email: kng\_kol@vsnl.net

**Statement of Inter se Allocation of Responsibilities for the Issue**

The following table sets forth the distribution of responsibility and coordination for various activities in this Issue amongst the BRLMs:

Activities	Responsibility	Co-ordinator
The activities or sub-activities may be grouped on the following lines:		
(a) Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	CSIN / Anand Rathi	CSIN
(b) Drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.	CSIN / Anand Rathi	CSIN
(c) Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, bankers to the issue, etc.	CSIN	Anand Rathi
(d) Marketing of the issue, which shall cover, <i>inter alia</i> , formulating marketing strategies, (i) centres for holding conferences of stock brokers, investors, etc.	Anand Rathi / CSIN	Anand Rathi
(e) Preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) collection centres as per schedule III, (iii) brokers to the issue, and (iv) underwriters and underwriting arrangement,	CSIN / Anand Rathi	CSIN

Activities	Responsibility	Co-ordinator
distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.		
(f) Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc.	Anand Rathi/ CSIN	Anand Rathi
(2) The designated lead merchant banker shall be responsible for ensuring compliance with these regulations and other requirements and formalities specified by the Registrar of Companies, the Board and the recognised stock exchanges where specified securities being offered are proposed to be listed.	CSIN/Anand Rathi	CSIN

Even if many of the post-issue activities are handled by other intermediaries, the designated lead merchant banker shall be responsible for ensuring that these intermediaries fulfil their functions and enable such intermediaries to discharge this responsibility through suitable agreements with the issuer. In case of under-subscription in the Issue, the BRLM responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued in terms of the SEBI Regulations.

### **Credit Rating**

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

### **IPO Grading**

This Issue has been graded by [●] and has been assigned [●] indicating [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. For details in relation to the Report of the Grading Agency, please see Annexures on page 315. Attention is drawn to the disclaimer appearing on page [●]. A copy of the report provided by [●], furnishing the rationale for its grading is available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Business Days during the Bidding Period.

### **Experts**

Except as disclosed in the Draft Red Herring Prospectus and the report of [●] in respect of the IPO grading of this Issue annexed herewith, our Company has not obtained any expert opinions.

### **Trustee**

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

### **Monitoring Agency**

There is no requirement for a monitoring agency for the Issue pursuant to Regulation 16 of the SEBI Regulations.

### **Project Appraisal**

There is no project being appraised, as there is no such mandatory requirement.

### **Book Building Process**

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

1. The Company;
2. The Book Running Lead Managers;
3. The Syndicate Members;
4. The Registrar to the Issue; and
5. SCSBs.

The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. 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 our Company, in consultation with the BRLMs and the Designated Stock Exchange.

**Under the SEBI Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.** In addition, QIBs are required to pay not less than 10% of the Bid Amount payable on application upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see “Terms of the Issue” on page 214.

**The process of Book Building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.**

Our Company shall comply with regulations issued by SEBI for this Issue. In this regard, our Company has appointed Collins Stewart Inga Private Limited and Anand Rathi Advisors Limited as the BRLMs, to manage the Issue and to procure subscriptions to the Issue.

#### **Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid (see “Issue Procedure” on page 217);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned PAN in your Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction;
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form and the ASBA Bid cum Application Form;
6. Bids by QIBs will only have to be submitted to the BRLMs; and
7. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

#### **Illustration of Book Building and Price Discovery Process**

*(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders 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 table below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	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 BRLMs will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

#### Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefor.

#### Bid/Issue Programme

<b>BID/ISSUE OPENS ON</b>	<b>[●], 2009</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●], 2009</b>

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Members shall not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid/Issue Opening Date.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional Business Days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the members of the Syndicate.**

## Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●].

The Underwriter has indicated its 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*

Rs. in Lakhs		
Name, address, telephone number, fax number and e-mail address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is an indicative underwriting and will be finalized after determination of the Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●] and has been approved by our Board of Directors.

In the opinion of our Board of Directors (based on a certificate given by the Underwriter), the resources of the above mentioned Underwriter is sufficient to enable them to discharge its underwriting obligations in full. The abovementioned Underwriter is registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue. The underwriting agreement shall list out the role and obligations of each syndicate member and inter-alia contain a clause stating that margin collected from categories other than qualified institutional buyers shall be uniform across the book runner(s) or syndicate members for each such category, indicating the percentage to be paid as margin by the investor at the time of bidding.

## CAPITAL STRUCTURE

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

(In Rs. except share data)		
	Aggregate Value at nominal value	Aggregate Value at Issue Price
<b>A) AUTHORISED SHARE CAPITAL</b>		
2,52,50,000 Equity Shares of Rs. 10 each	25,25,00,000.00	
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
1,10,31,678 fully paid up Equity Shares of Rs. 10 each	11,03,16,780.00	
<b>B) PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS<sup>(1)</sup></b>		
37,00,000 Equity Shares of Rs. 10 each	3,70,00,000.00	[•]
<b>C) EQUITY CAPITAL AFTER THE ISSUE<sup>(2)</sup></b>		
1,47,31,678 Equity Shares of Rs. 10 each	14,73,16,780.00	[•]
<b>D) SHARE PREMIUM ACCOUNT</b>		
Before the Issue	10,21,22,182.00	-
After the Issue	-	[•]

(1) The Issue has been authorized by the Board of Directors at their meeting dated October 12, 2009. The Issue has been authorized by the shareholders of our Company at their EGM dated October 15, 2009.

(2) Our Company has no outstanding convertible instruments.

### Changes in the Authorized Share Capital since incorporation

Sl. No.	Date of Shareholder Meeting	Changes in the Authorised Share Capital
1.	July 1, 1998	The initial authorized share capital of our Company of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 was increased to Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10.
2.	December 21, 1998	The authorized share capital of our Company was increased from Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10 to Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs. 10.
3.	September 26, 2007	The authorized share capital of our Company was increased from Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs. 10 to Rs. 1,31,91,490 divided into 13,19,149 equity shares of Rs. 10.
4.	December 10, 2007	The authorized share capital of our Company was increased from Rs. 1,31,91,490 divided into 13,19,149 equity shares of Rs. 10 to Rs. 25,24,69,472 divided into 16,87,315 equity shares of Rs. 10 and 3,07,166 CCPs having a face value of Rs. 767.
5.	October 15, 2009	The authorised share capital of our Company was increased from Rs. 25,24,69,472 divided into 16,87,315 equity shares of Rs. 10 and 3,07,166 CCPs having a face value of Rs. 767 to Rs. 25,25,00,000 divided into 1,690,061 equity shares of Rs. 10 and 307,170 CCPs having a face value of Rs. 767.
6.	October 15, 2009	The authorized share capital of our Company was reclassified from Rs. 25,25,00,000 divided into 1,690,061 equity shares of Rs. 10 and 307,170 CCPs having a face value of Rs. 767 to Rs. 25,25,00,000 divided into 2,52,50,000.00 equity shares of Rs. 10.

### Notes to the Capital Structure

#### 1. Share Capital History

##### Equity Share Capital History:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment/ Consideration	Reasons for allotment	Cumulative Issued Capital (Rs.)
February 19, 1996	200	10	10	Cash	Subscribers to Memorandum <sup>(1)</sup>	2,000
March 25,	9,800	10	10	Cash	Preferential	1,00,000

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment/ Consideration	Reasons for allotment	Cumulative Issued Capital (Rs.)
1996					Allotment <sup>(2)</sup>	
October 4, 1996	20,000	10	10	Cash	Preferential Allotment <sup>(3)</sup>	3,00,000
October 20, 1997	20,000	10	10	Cash	Preferential Allotment <sup>(4)</sup>	5,00,000
October 23, 1998	50,000	10	-	Bonus (1:1)	Bonus Issue <sup>(5)</sup>	10,00,000
December 31, 1998	1,00,000	10	10	Cash	Preferential Allotment <sup>(6)</sup>	20,00,000
September 29, 1999	8,00,000	10	-	Bonus (4:1)	Bonus Issue <sup>(7)</sup>	1,00,00,000
November 5, 2007	3,19,149	10	-	Non-cash	Scheme of Amalgamation <sup>(8)</sup>	1,31,91,490
December 31, 2007	1,000	10	767	Cash	Preferential Allotment to Intel pursuant to Share Subscription Agreement dated December 24, 2007	1,32,01,490
October 16, 2009	2,55,805	10	767	Conversion	Conversion of Preference Shares <sup>(9)</sup>	1,57,59,540
October 16, 2009	94,55,724	10	-	Bonus (6:1)	Bonus Issue <sup>(10)</sup>	11,03,16,780

(1) Allotment of 100 Equity Shares each to Sharad Kajaria and Ramswaroop Kyal.

(2) Allotment of 2,500 Equity Shares to Padma Kajaria, 3,000 Equity Shares to Arvind Kajaria, 2,000 Equity Shares to Arvind Kajaria & Others (HUF) and 2,300 Equity Shares to Sharad Kajaria.

(3) Allotment of 2,500 Equity Shares each to Sunil Kajaria and Padma Kajaria, 5,000 Equity Shares to Arvind Kajaria, 4,000 Equity Shares to Sharad Kajaria, 2,000 Equity Shares to Om Prakash Kajaria & Others (HUF) and 4,000 Equity Shares to Lemcom Merchants Private Limited.

(4) Allotment of 500 Equity Shares each to Om Prakash Kajaria and Padma Kajaria, 5,500 Equity Shares to Arvind Kajaria, 2,000 Equity Shares each to Arvind Kajaria & Others (HUF) and Om Prakash Kajaria & Others (HUF), 3,500 Equity Shares to Sunil Kajaria, 4,000 Equity Shares to Sunil Kajaria & Others (HUF), 1,000 Equity Shares to Srinjani Kajaria and 1,000 Equity Shares to Sharad Kajaria.

(5) Allotment of 7,500 Equity Shares to Sharad Kajaria, 5,500 Equity Shares to Padma Kajaria, 13,500 Equity Shares to Arvind Kajaria, 4,000 Equity Shares each to Arvind Kajaria & Others (HUF), Om Prakash Kajaria & Others (HUF) and Sunil Kajaria & Others (HUF), 6,000 Equity Shares to Sunil Kajaria, 500 Equity Shares to Om Prakash Kajaria and 5,000 Equity Shares to Srinjani Kajaria. Bonus issue out of accumulated profits and reserves.

(6) Allotment of 6,000 Equity Shares to Om Prakash Kajaria, 1,000 Equity Shares each to Padma Kajaria and to Sunil Kajaria & Others (HUF), 3,000 Equity Shares to Om Prakash Kajaria & Others (HUF), 17,500 Equity Shares to Arvind Kajaria, 17,000 Equity Shares to Karuna Kajaria, 10,500 Equity Shares to Arvind Kajaria & Others (HUF), 2,000 Equity Shares to Sunil Kajaria, 17,000 Equity Shares to Srinjani Kajaria and 25,000 Equity Shares to Sharad Kajaria.

(7) Allotment of 1,60,000 Equity Shares to Padma Kajaria, 120,000 Equity Shares each to Arvind Kajaria and Karuna Kajaria, 80,000 Equity Shares to Arvind Kajaria & Others (HUF) and 3,20,000 Equity Shares to Sharad Kajaria. Bonus issue out of accumulated profits and reserves.

(8) Allotment of 3,19,149 Equity Shares in accordance with the Scheme of Amalgamation under Section 394 of the Companies Act. For details see "History and Corporate Structure" on page 74.

(9) Allotment of 2,55,805 Equity Shares pursuant to conversion option exercised by Intel in relation to 2,55,805 CCPS.

(10) Allotment of 94,55,724 to the existing shareholders of our Company by capitalising our profits, reserves and amounts outstanding in the share premium account.

Other than as mentioned in the table above, we have not made any issue of shares during the preceding one year.

#### 1A. Preference Share Capital History:

Date of allotment of the Preference Shares	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment
December 31, 2007	2,55,805*	767	767	Cash	Share Subscription Agreement dated December 24, 2007

\* 2,55,805 CCPS were converted into 2,55,805 Equity Shares on October 15, 2009.

## 1B. Issue of Equity Shares in the last one year

Our Company had issued 2,55,805 Equity Shares to Intel pursuant to the conversion option exercised by Intel of 2,55,805 CCPS having a face value of Rs. 767 at a conversion price of Rs. 767 including a premium of Rs. 757 per share. Additionally, on October 15, 2009, our Company made a bonus issue of 94,55,724 Equity Shares, by capitalising our profits, reserves and amounts outstanding in the share premium account to the existing shareholders of our Company.

## 1C. Shares allotted for consideration other than cash

Date of allotment of Shares	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment
October 23, 1998	50,000	10	-	Bonus (1:1)	Bonus Issue
September 29, 1999	8,00,000	10	-	Bonus (4:1)	Bonus Issue
November 5, 2007	3,19,149	10	-	Non-Cash	Scheme of Amalgamation <sup>(1)</sup>
October 15, 2009	94,55,724	10	-	Bonus (6:1)	Bonus Issue

(1) Allotment of 3,19,149 Equity Shares to 87 allottees in accordance with the Scheme of Amalgamation in the following manner: 2,50,000 Equity Shares to Intrasoft Beneficiary Trust; 13,344 Equity Shares to Metal Centre Limited; 12,093 Equity Shares to Primenet Global Limited; 3,375 Equity Shares to MEDICI Holdings Limited; 3,336 Equity Shares to Apeejay House Private Limited; 2,500 Equity Shares each to Pratap Singh Bohra, Deutsche Bank A/c, PoinerITI Mutual Fund Private Limited, Pinnacle Trades & Investments Limited and SMIFS Capital Markets Limited; 2,187 Equity Shares to Hemendra M.Kothari Investment Private Limited; 2,000 Equity Shares to Raj Kumar Jatia; 1,562 Equity Shares to Adiko Investment Private Limited; 1,500 Equity Shares to M. C. Bagrodia & Sons (HUF); 1,250 Equity Shares to Bindu H.Kothari Investment Private Limited; 1,050 Equity Shares each to Santosh Industries Limited and Adarsh Mercantile Limited; 875 Equity Shares to Hemendra M.Kothari; 750 Equity Shares each to Jagdish Prasad Poddar, Sujata Trading Private Limited and Ramanan Venkateswaran; 625 Equity Shares each to Ajay Kumar Kayan, Utsav N.Parekh and Yogendra Sevantilal Shah; 550 Equity Shares to Srinivasan Subramanian; 500 Equity Shares each to Nam Marketing Private Limited, Jaspal Singh Bindra, Manju Modi and Jayshri. D. Kanabar; 450 Equity Shares to Genesis Advertising Private Limited; 375 Equity Shares each to Darshana Saraf and Elpro Finance Limited; 250 Equity Shares each to Prakash Chandra Kejariwal, Divakar Gavaskar, H.K.Vithalani, Himanshu Nalin Kaji, Jayesh J.Mehta, Jet Age Finance Private Limited, Kiran Sajjanraj Mehta, Mohan Khanna, Rajesh K. Parikh, V.S.Hariharan, Mahendra Kumar Jalan, Mantu Housing Projects Limited and Viswamitra Hariharan; 125 Equity Shares each to Mini Builders Private Limited; 125 Equity Shares to Abha Sonthalia; 125 Equity Shares to Abhay Aima; 125 Equity Shares to Mini Builders Private.Limited, Abha Sonthalia, Abhay Aima, Abhay Bhalerao, Alok Sharma, Ashish Gupta, Bharat Chimanlal Shah, Chandrakant Sibal, Kuntal Hasmukhlal Shah, L.K.Narayan, M. G. Gupta, Meera Khanna, Mihir Doshi, Mukesh Jain, Neena Sahgal, Prahlad N.Shantigram, Prakash Parthasarathy, Prashant Kothari, Premal V.Mehta, R. Seshagiri, Radhika C.Patel, Raj Kataria, Ravi Sundararaman, Shammik Gupta, Shelly Agarwal, Sumeet Puri, V.Ramanan, Vipul Mehta, Carter Commercial Co.Private.Limited, Darshana Saraf and Bharat M. Shah; 75 Equity Shares each to India Technology Investment Private Limited, Vinita Kumar and Woolite Mercantile Co. Limited, 50 Equity Shares each to Mukesh Kumar Goel, Chetan Ahya, Manju Kyal and Bal Kishan Kyal; 25 each to Equity Shares to Amrisha Baliga, Shanker Athreya, Tarun Chugh and Shashi Kyal; and 2 Equity Shares to Mr Arvind Kajaria. For details regarding the Scheme of Amalgamation, refer to "History and Corporate Structure". Our Company acquired the properties and assets of its subsidiary, One Two Three India.com Limited pursuant to the allotment of Equity Shares in accordance with the Scheme of Amalgamation.

Except as disclosed above, no benefits have accrued to our Company out of the above allotments.

## 2. Promoters' Contribution and Lock-in

### (a) Details of the build up of our Promoters shareholding in our Company

Name	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Transaction	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Transaction Price (Rs.)
Arvind Kajaria	March 25, 1996	Preferential Allotment	Cash	3,000	10	10.00
	October 4, 1996	Preferential Allotment	Cash	5,000	10	10.00
	October 20, 1997	Preferential Allotment	Cash	5,500	10	10.00
	October 23, 1998	Bonus	Bonus	13,500	10	0.00



Name	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Transaction	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Transaction Price (Rs.)
	December 31, 1998	Preferential Allotment	Cash	17,500	10	10.00
	July 30, 1999	Sale	Cash	(14,500)	10	10.00
	September 29, 1999	Bonus	Bonus	1,20,000	10	0.00
	October 12, 2007	Received as Gift	Gift	1,00,000	10	1.60*
	October 12, 2007	Received as Gift	Gift	1,50,000	10	2.00*
	November 5, 2007	Fractional Allotment	Cash (as per Scheme of Amalgamation)	2	10	62
	October 16, 2009	Bonus	Bonus	24,00,012	10	0.00
	<b>Sub-Total (A)</b>			<b>28,00,014</b>		
Sharad Kajaria	February 19, 1996	Subscriber to Memorandum of Association	Cash	100	10	10.00
	March 25, 1996	Preferential Allotment	Cash	2,300	10	10.00
	October 4, 1996	Preferential Allotment	Cash	4,000	10	10.00
	October 20, 1997	Preferential Allotment	Cash	1,000	10	10.00
	June 26, 1998	Purchase	Cash	100	10	10.00
	October 23, 1998	Bonus	Bonus	7,500	10	0.00
	December 31, 1998	Preferential Allotment	Cash	25,000	10	10.00
	March 27, 1999	Purchase	Cash	9,000	10	5.50
	March 27, 1999	Purchase	Cash	27,000	10	8.15
	March 27, 1999	Purchase	Cash	4,000	10	5.00
	September 29, 1999	Bonus	Bonus	3,20,000	10	0.00
	December 11, 2003	Gifted	Gift	(2,00,000)	10	1.45*
	October 12, 2007	Received as Gift	Gift	2,00,000	10	1.45*
	October 16, 2009	Bonus	Bonus	24,00,000	10	0.00
	<b>Sub-Total (B)</b>			<b>28,00,000</b>		
	<b>Total (A) + (B)</b>			<b>56,00,014</b>		

\*value of gifted shares taken as per gift deeds

(b) **Details of Promoters' Contribution locked in for three years:**

Pursuant to the SEBI Regulations, an aggregate of 20% of the post issue paid-up capital of our Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

**Arvind Kajaria**

Date of allotment	Reasons for acquisition	Consideration	Number of Shares locked in	Face Value	Issue Price	% of post-Issue paid-up capital
October 16, 2009	Bonus	Bonus	14,73,168	10	-	10%

**Sharad Kajaria**

Date of allotment	Reasons for acquisition	Consideration	Number of Shares locked in	Face Value	Issue Price	% of post-Issue paid-up capital
October 16, 2009	Bonus	Bonus	14,73,168	10	-	10%

The Promoter's contribution has been brought in to the extent of not less than the specified

minimum lot and from the persons defined as promoters under the SEBI Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI Regulations.

(c) ***Details of Other Equity Shares locked in for one year***

In terms of Regulation 37 of the SEBI Regulations, in addition to 20% of post-Issue shareholding of our Company, held by the Promoters and locked-in for three years, as specified above, our entire pre-Issue equity share capital except as disclosed below, constituting 92,34,043 Equity Shares will be locked-in for a period of one year from the date of Allotment in this Issue.

17,97,635 Equity Shares (which consist of shares arising from the conversion of the CCPs and bonus shares issued thereon) held by Intel, an FVCI are not subject to lock-in restrictions as prescribed under Regulation 37(b) of the SEBI Regulations.

(d) ***Other Requirements in respect of lock-in***

In terms of Regulation 40 of the SEBI Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Further, in terms of Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

Locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan and further that the loan has been granted for the purpose of financing one of the Objects of this Issue.

### 3. **Our shareholding pattern**

The table below presents our shareholding pattern before and after the proposed Issue:

	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
<b>Promoters</b>				
Arvind Kajaria*	28,00,014	25.38%	28,00,014	19.01%
Sharad Kajaria*	28,00,000	25.38%	28,00,000	19.01%
<b>Promoter Group</b>				
Padma Kajaria	14,00,000	12.69%	14,00,000	9.50%
Intrasoft Beneficiary Trust	17,50,000	15.86%	17,50,000	11.88%
<b>Others</b>				
Intel Capital (Mauritius) Limited	17,97,635	16.30%	17,97,635**	12.20%
Others	4,84,029	4.39%	4,84,029**	3.28%
Public Issue			37,00,000	25.12%
<b>Total</b>	<b>1,10,31,678</b>	<b>100.00%</b>	<b>1,47,31,678</b>	<b>100.00%</b>

\* Directors and Key Managerial Personnel of our Company

\*\*Assuming non-promoter group shareholders do not apply for and are not Allotted Equity Shares in terms of this Issue.

Except as disclosed above, none of the BRLMs and their associates, our Promoters, Group Companies, Directors and Key Managerial Personnel hold any shares in our Company.

**4. The list of our top ten shareholders and the number of Equity Shares held by them is provided below:**

- (a) Our top ten shareholders as on the date of and ten days prior to filing this Draft Red Herring Prospectus are as follows:

Sl. No.	Shareholder	No. of Equity Shares Held
1	Arvind Kajaria	28,00,014
2	Sharad Kajaria	28,00,000
3	Intel Capital (Mauritius) Limited	17,97,635
4	Intrasoft Beneficiary Trust	17,50,000
5	Padma Kajaria	14,00,000
6	Metal Centre Limited	93,408
7	Vikram Agarwal	51,380
8	Magpie Tradelinks Private Limited	33,271
9	MEDICI Holdings Limited	23,625
10	Apeejay House Private Limited	23,352

- (b) Our top six shareholders as of two years prior to filing this Draft Red Herring Prospectus were as follows:

Sl. No.	Shareholder	No. of Equity Shares Held
1	Sharad Kajaria	4,00,000
2	Padma Kajaria	2,00,000
4	Arvind Kajaria	4,00,000

5. Except as disclosed in relation to the Amended and Restated Shareholders Agreement under “History and Corporate Structure” on page 74, our Company, the Promoters, the Promoter Group, the Directors and the BRLMs have not entered into any buy-back, standby or safety-net arrangements for the purchase of Equity Shares from any person.
6. At least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
7. Under-subscription, if any, in any category except for the QIB Portion, would be met with spill-over from the other categories at the sole discretion of Company, in consultation with the BRLMs, subject to applicable provisions of the SEBI Regulations and the Designated Stock Exchange. However, if the aggregate demand by mutual funds is less than 5% of Equity 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.
8. The unsubscribed portion, if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion. In case of under-subscription in the net offer to the public portion, spill-over to the extent of under subscription shall be permitted from the reserved category except the QIB portion to the net offer to public portion.
9. Except as stated above, the Directors, the Promoters, promoter group, and Group Companies have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
13. As on the date of this Draft Red Herring Prospectus, there are 91 shareholders in our Company.
14. We have not raised any bridge loans against the proceeds of the Issue.
15. Except for the bonus equity shares issued out of free reserves and allotment under the Scheme of Amalgamation as disclosed in this Draft Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
16. The Equity Shares held by the Promoters are not pledged.
17. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the Basis of Allotment.
18. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may allot further Equity Shares under ESOPs. Additionally, we may consider using our Equity Shares as currency for acquisitions we may enter into and we may raise additional capital to fund accelerated growth.
19. Our Promoters and our Promoter Group will not participate in the Issue.
20. As per the RBI Regulations, OCBs are not allowed to participate in the Issue.
21. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into Equity Shares.
22. For details of our related party transactions, see "Financial Information" on page 112.
23. Our Company, the Directors, the Promoters or the Promoter Group shall not make or offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise under this Issue, except as stated in this Draft Red Herring Prospectus.
24. Our Company has not granted any options or issued any shares under any employees' stock option or employees stock purchase scheme.
25. The Equity Shares will be fully paid up at the time of allotment failing which no allotment shall be made.

## OBJECTS OF THE ISSUE

We intend to utilize the Issue Proceeds, after deducting the underwriting and issue management fees, selling commissions and other expenses associated with the Issue (the “**Net Proceeds**”) for the following objects:

1. Branding and Promotion;
2. Purchasing a corporate office at Kolkata;
3. Investment in technology infrastructure;
4. General corporate purposes;
5. Issue related expenses; and
6. Achieve the benefits of listing on the Stock Exchanges.

The main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

### Requirement and Sources of Funds

The details of the utilization of the Net Proceeds will be as per the table set forth below:

Sl. No.	Project	Total fund requirement	Estimated Amount to be utilised from the Net Proceeds	Rs. in Lakhs		
				Estimated Net Proceeds utilization as on March 31,		
				2010	2011	2012
1.	Branding and Promotion	2,015.62	2,015.62	-	727.12	1288.50
2.	Purchasing a corporate office at Kolkata	1,300.00	1,300.00	-	1,300.00	-
3.	Investment in technology infrastructure	200.00	200.00	200.00	-	-
4.	General corporate purposes	[●]*	[●]*			
	<b>Total</b>	<b>[●]</b>	<b>[●]</b>			

\* To be finalised upon determination of the Issue Price.

Our assessment of the fund requirements and deployment is based on management estimates and estimates which are prepared by third parties. Our business, by its nature, is dynamic and competitive, which may necessitate changes in our estimates at our management’s discretion, including availing of new opportunities, meeting competitive threats or other changes that we may not anticipate. The actual costs may vary from the above estimates, and we may need to reschedule, revise (including increase or decrease) or cancel our planned requirements and deployment of funds.

In case of any shortfall in the Net Proceeds to meet the objects mentioned above, we propose to meet the shortfall through internal accruals or seeking additional debt or equity. If there is any surplus from the Net Proceeds after meeting the objects of the Issue, we intend to use such surplus for general corporate purposes, including meeting future growth opportunities.

### Means of Finance

We propose to finance the expenditure proposed to be incurred towards the Objects of the Issue from the Net Proceeds of this Issue and internal accruals and therefore no arrangements of finance are required.

### Details of Use of Net Proceeds

#### *Branding and Promotion exercises*

We believe that our advertising and branding initiatives which we have engaged in over the course of our operations have contributed significantly to the brand recognition and name recall enjoyed by our Website.

Historically, we have engaged in brand promotion through online advertising, television advertising, radio advertising, public relations exercises and outdoor advertising campaigns targeted at our key user base in the U.S.

The following are details of our historical branding expenditure:

	<i>Rs. in Lakhs</i>						
	<b>Online Advertising</b>	<b>Television Advertising</b>	<b>Radio Advertising</b>	<b>Public Relations</b>	<b>Outdoor Advertising</b>	<b>Total</b>	<b>% of Income</b>
Fiscal 2007	7.44	-	-	-	-	7.44	0.43
Fiscal 2008	95.49	39.46	-	1.55	19.80	156.31	7.96
Fiscal 2009	353.53	23.27	77.11	15.24	-	469.15	21.93
Three months ended June 30, 2009	0.19	-	-	-	-	0.19	0.05

To further our aim of becoming a preferred online destination for electronic greeting cards worldwide, we believe that it will be critical to further expand our online advertising, television advertising and radio advertising. We believe that, in the past, our advertising has enabled us to do the same by increasing the recall value of our brand and website name and that our brand strengthened by our advertising efforts has increased the number of users and our reputation amongst advertisers. In addition to increasing our user base, we believe that these initiatives will also enable us to increase our appeal to our advertisers due to our increased visibility.

Going forward we propose to engage in expanding our branding initiatives by expending the following amounts on advertising:

	<i>Rs. in Lakhs</i>			
	<b>Online Advertising</b>	<b>Television Advertising</b>	<b>Radio Advertising</b>	<b>Total</b>
Fiscal 2011	359.25	306.56	61.31	727.12
Fiscal 2012	598.75	574.80	114.96	1288.50
<b>Total</b>	<b>958.00</b>	<b>881.36</b>	<b>176.27</b>	<b>2,015.62</b>

#### ***Purchasing a corporate office at Kolkata***

We currently lease the premises from which we conduct business at various locations including in Kolkata. We propose to purchase office space for a proposed corporate office in Kolkata in order to reduce our rental expenses and improve our infrastructure.

We propose to acquire approximately 10,000 sq. ft. of corporate office space in the southern part of Kolkata. We have consulted Jones Lang Lasalle Meghraj to identify suitable properties in Kolkata for this purpose and expect to incur expenditure of Rs. 1,100 Lakhs towards the purchase of office space based on the same. We propose to expend a consolidated amount of Rs. 200 Lakhs towards interior and fit out expenses including expenditures towards electrical installations, furniture and fixtures, communications and networking equipment for the said premises.

#### ***Investment in our technology infrastructure***

We intend to procure additional hardware and the software required in order to carry out our operations. The equipment is proposed to be acquired in a ready to use condition and is to be put into operation at any of our existing premises after procurement. We have not placed any orders in relation to the procurement of equipment proposed above.

The details of the software proposed to be acquired by us and the proposed schedule for their acquisition is given below:

	<i>Rs. in Lakhs</i>				
<b>S. No</b>	<b>Description of item</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quotation from</b>	<b>Date of Quotation*</b>
1.	MS Project 2007 OLP NL	50	11.51	Chabria Infotech Private Limited	September 23, 2009
2.	MS Project 2007 Server Sngl OLP NL	5	10.57	Chabria Infotech Private Limited	September 23, 2009
3.	Adobe CS4 Production Premium 4.0 DVD	25	24.22	Chabria Infotech Private Limited	September 23, 2009

4.	Crystal Reports Server 2008 (5 user) concurrent user License ESD	5	18.77	Chabria Infotech Private Limited	September 23, 2009
5.	Oracle 10g Standard Edition for Windows/Linux (5 User) Licence	10	6.58	Chabria Infotech Private Limited	September 23, 2009
6.	Oracle 10g/11g Application Server Enterprise Licence only (1 CPU) rate per CPU	2	26.66	Chabria Infotech Private Limited	September 23, 2009
7.	Miscellaneous software including Media Kits and ESD products	-	2.19	Chabria Infotech Private Limited	September 23, 2009
<b>Total</b>			<b>100.50</b>		

The details of the hardware proposed to be acquired by us and the proposed schedule for their acquisition is given below:

<i>Rs. in Lakhs</i>					
S. No	Description of item	Quantity	Amount	Quotation from	Date of Quotation
1.	Four Socket Server	10	64.00	Wizertech Informatics Private Limited	September 23, 2009
2.	Two Socket Server	10	35.50	Wizertech Informatics Private Limited	September 23, 2009
<b>Total</b>			<b>99.50</b>		

### General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating Rs. [•] Lakhs for general corporate purposes, including but not restricted to initial development costs, strategic and marketing initiatives, strengthening our distribution partnerships with major internet content and service providers through integration, co-branding and joint marketing programs, joint ventures and acquisitions, meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board.

### Issue related expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

<i>Rs. in Lakhs</i>			
Activity	Expenses *	As percentage of total expenses	As percentage of total issue size
Lead management fee and underwriting commissions	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
IPO Grading Fees	[•]	[•]	[•]
Registrar's Fees	[•]	[•]	[•]
Fees to the Legal Advisors	[•]	[•]	[•]
Others	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

\* Will be incorporated after finalisation of the Issue Price

### Working capital requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals and availability of working capital facilities to meet our existing working capital requirements. However, in the event that there is surplus of funds after deployment from the Net Proceeds

of the Issue, the funds may be utilized towards reducing our reliance on working capital facilities.

#### **Interim Use of Net Proceeds**

We, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by us based upon the above objects i.e. branding and promotion, purchase of corporate office in Kolkata, and investment in technology infrastructure. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and other fixed and variable return instruments.

#### **Monitoring of Utilisation of Funds**

We have not appointed a monitoring agency to monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilisation of the Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

For risks associated with our proposed utilisation of the Net Proceeds of the Issue, see “Risk Factors” on page x.



## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value. Investors should review the entire Draft Red Herring Prospectus, including the sections “Risk Factors”, “Industry Overview”, “Our Business” and “Financial Information” on pages x, 48, 54 and 97, respectively, to get a more informed view before making the investment decision.

### Qualitative Factors

The key competitive strengths of our Company include the following:

- We are one of the leading electronic greeting card website by number of Unique Visitors;
- We have a well established and widely recognized website and brand;
- We have the ability to develop and acquire content that cater to our users;
- We have strong user and advertiser relationships;
- We have advantages over traditional greeting card companies and subscription based electronic greeting card companies;
- We have the technological expertise to improve and develop our services portfolio; and
- We have the experience, know-how and innovativeness of our management.

### Quantitative Factors

The information presented in this section for the three month period ended June 30, 2009 and the years ended March 31, 2009, March 31, 2008 and March 31, 2007 is derived from our standalone audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20

Basic and Diluted Earnings per equity share (“EPS”) on a consolidated basis:

	Basic		Diluted	
	EPS (Rs.)	Weight	EPS (Rs.)	Weight
Fiscal 2007	3.99	1	3.42	1
Fiscal 2008	4.34	2	3.70	2
Fiscal 2009	5.77	3	4.83	3
<b>Weighted Average</b>	<b>4.99</b>		<b>4.22</b>	
Three month period ended June 30, 2009	0.93		0.78	

Earnings per equity share (“EPS”) on a standalone basis:

Year ended	Basic		Diluted	
	EPS (Rs.)	Weight	EPS (Rs.)	Weight
March 31, 2007	3.93	1	3.37	1
March 31, 2008	4.83	2	4.11	2
March 31, 2009	5.66	3	4.74	3
<b>Weighted Average</b>	<b>5.10</b>		<b>4.30</b>	
Three month period ended June 30, 2009	0.90		0.76	

*Notes:*

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and conversion of preference shares.

- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

**2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]**

- (a) P/E ratio in relation to the Floor Price: [●] times  
(b) P/E ratio in relation to the Cap Price: [●] times  
(c) P/E based on EPS for the year ended March 31, 2009: [●] times  
(d) P/E based on Weighted average EPS: [●] times

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

Return on Net Worth as per restated consolidated financial statements

Particulars	RONW %	Weight
Year ended March 31, 2007	31.51	1
Year ended March 31, 2008	11.35	2
Year ended March 31, 2009	14.41	3
<b>Weighted Average</b>	<b>16.24</b>	
Three months ended June 30, 2009	2.32	

Return on Net Worth as per restated standalone financial statements

Particulars	RONW %	Weight
Year ended March 31, 2007	31.50	1
Year ended March 31, 2008	12.56	2
Year ended March 31, 2009	14.18	3
<b>Weighted Average</b>	<b>16.53</b>	
Three months ended June 30, 2009	2.25	

Return on Net Worth is arrived at by dividing restated net profit after tax by restated net worth as at the year end.

**4. Minimum RONW required for maintaining pre-issue EPS at June 30, 2009 is [●].**

**5. Net Asset Value per Equity Share**

Particulars	Amt. (Rs.)
Net Asset Value per Equity Share (standalone) as of June 30, 2009	40.11
Net Asset Value per Equity Share (consolidated) as of June 30, 2009	40.20
Net Asset Value per Equity Share after the Issue	[●]
Issue Price per equity share	[●]

**6. Comparison of Accounting Ratios with Industry Peers**

The details on the comparison of accounting ratios of our company with other listed entities has not been given as our company is in the electronic greeting cards business and there are no listed peers in the same line of business.

7. The Issue Price of Rs. [●] has been determined by our Company in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular “Risk Factors”, “Our Business” and “Financial Information” on pages x, 54 and 97 respectively to have a more informed view.

For the basic terms of the issue, see “Terms of the Issue” on page 214.

## STATEMENT OF TAX BENEFITS

To  
The Board of Directors,  
IntraSoft Technologies Limited  
145, Rash Behari Avenue  
Kolkata -700 029

Dear Sirs,

We hereby report that the enclosed annexure states Tax Benefit is available to **IntraSoft Technologies Limited** (the company) and its shareholders under the current tax laws in force in India as amended by the Finance Act, 2009. The benefits as stated 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

The benefits discussed in the enclosed annexure 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 advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, 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

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
*Partner*  
Membership No.: 50819

### **Annexure to Statement of Tax Benefits Available To Intrasoft Technologies Limited and Its Shareholders**

#### **1. Benefits Available To The Company Under The Income Tax Act, 1961 ( IT Act):**

##### **a. General tax benefits available to the Company:**

These benefits are available to all companies or to the shareholder of any company, after fulfilling conditions required in the respective Act

##### **b. Dividend income:**

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act.

##### **c. Computation of capital gains:**

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains. Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains.

Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains.

However, in respect of long term capital gains, it offers benefits by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

According to Section 10(38) of the IT 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 long term capital gain of a share holder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax Act, 1961.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the provision 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).

According to the provisions of Section 54EC of the IT 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 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.

As per the provisions of Section 111A of the IT 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 STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge and education cess).

d. **Depreciation:**

Computer including computer software are entitled for higher depreciation at the rate of 60% on Written Down Value as per Appendix I of Income Tax Rules under Section 32 of the Income Tax Act, 1961.

e. **Preliminary Expenses:**

Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5 of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.

f. **Credit for Minimum Alternate Taxes ( MAT):**

Under Section 115JAA (2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

**2. General Benefits Available To Resident Shareholders:**

a. **Dividends exempt under Section 10(34):**

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

b. **Computation of capital gains:**

Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect

of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT. However, the long term capital gain of a share holder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT 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 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT 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 IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- i. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act 1988.
- ii. 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 IT Act for any assessment year beginning on or after April 1, 2006.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT 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.

Under Section 111A of the IT Act and other relevant provisions of the IT 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 15 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 STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 11A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

**c. Deduction of Securities Transaction Tax (STT):**

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure, if income arising from such taxable securities transactions is included in the income computed under the head Profit & Gains of Business & Profession, as amended by the Finance Act, 2009.

**3. General Benefits Available To Non Residents/Non Resident Indian Shareholders:**

a. **Dividends exempt under Section 10(34):**

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

b. **Computation of Capital Gains:**

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

Under the first proviso to Section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by Section 115E of the IT Act discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT 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 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT 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 IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- i. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act 1988.
- ii. 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.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT 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.

Under Section 111A of the IT Act and other relevant provisions of the IT 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 15 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 STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

**c. Option of taxation under Chapter XII-A of the Act:**

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 IT Act, which *inter alia* entitles them to the following benefits:

Under Section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 percent (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 nonresident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess without indexation benefit but with the protection against foreign exchange fluctuation.

**d. Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases:**

Under provisions of Section 115F of the IT Act, long term capital gains (in cases not covered under Section 10(38) of the IT 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 IT 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.

Under provisions of Section 115G of the IT 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 IT 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.

**e. Deduction of Securities Transaction Tax (STT):**

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure if income arising from such taxable securities transactions is included in the income of computed under the head Profit & Gains of Business & Profession, as amended by the Finance Act, 2009.

**4. General Benefits Available to Foreign Institutional Investors ( FII's ):**

**a. Dividends exempt under Section 10(34):**

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

**b. Taxability of capital gains:**

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT Under Section 54EC of the IT 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 IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds long term specified assets) issued by

- i. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act 1988.

- ii. 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.

Under Section 115AD (1) (ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30 percent and 15 percent (where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable @10 percent (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII s could claim, STT paid on purchase/sale of equity shares as allowable business expenditure.

**c. Exemption of capital gain from income tax:**

According to Section 10(38) of the IT Act, long-term capital gains on sale of shares where the transaction of sale chargeable to STT shall be exempt from tax. According to the provisions of Section 54EC of the IT 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 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.

**d. Deduction of Securities Transaction Tax (STT):**

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure if income arising from such taxable securities transactions is included in the income, computed under the head Profit & Gains of Business & Profession, as amended by the Finance Act, 2009

**5. General Benefits Available To Mutual Funds:**

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

**6. General Benefits Available To Venture Capital Companies / Funds:**

Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment venture capital undertaking notified in this behalf) registered with the



Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

**7. Securities Transaction Tax:**

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares take place on a recognized stock exchange in India. All transactions entered into on a recognized stock exchange in India will be subject to STT levied on the transaction value at the applicable rates.

**8. Tax Treaty Benefits:**

An investor has an option to be governed by the provisions of the IT Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

**9. General Benefits Available Under The Wealth-Tax Act, 1957:**

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

10. From the financial year 2009-10, surcharge has been abolished for all the assessee other than the companies as per the amendment by Finance Act 2009.

**Notes:**

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;

The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended by Finance Act, 2009. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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.

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 domicile; and

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

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

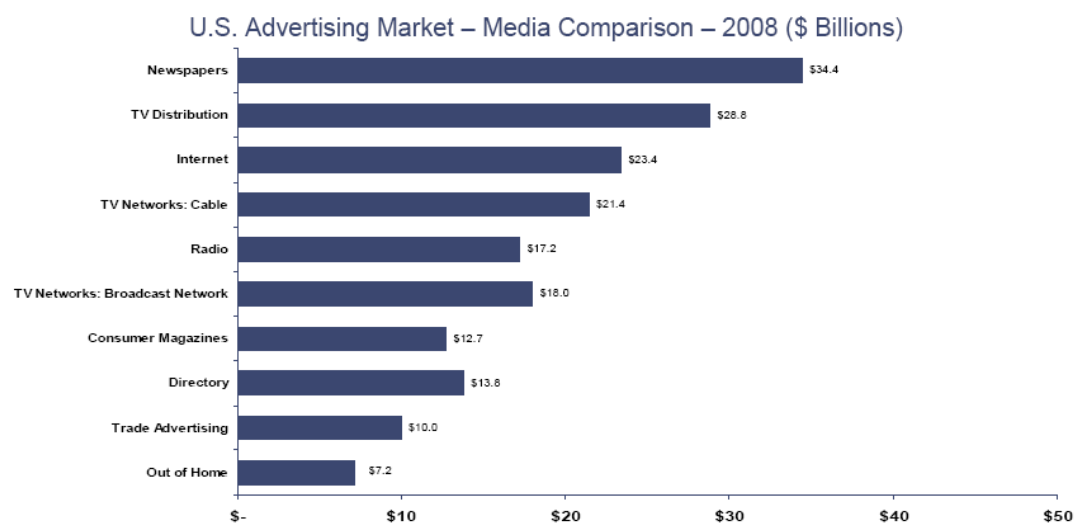
*The information in this section is derived from various third party sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. For the purpose of this section, certain numerical information is presented in “millions” and “billions” units.*

#### Online Advertisements

According to the IAB Internet Advertising Revenue Report for 2009 Second-Quarter and First Six Months Results, internet advertising revenues in the United States totaled \$10.9 billion for the first six months of 2009, with Q2 accounting for approximately \$5.4 billion. Internet advertising revenues for the first six months of 2009 decreased 5.3 percent from the same period in 2008.

#### Online advertisement vis-à-vis other media

According to the IAB Internet Advertising Revenue Report for 2008 Full Year, the Internet has continued to grow in significance when compared to other ad-supported media.



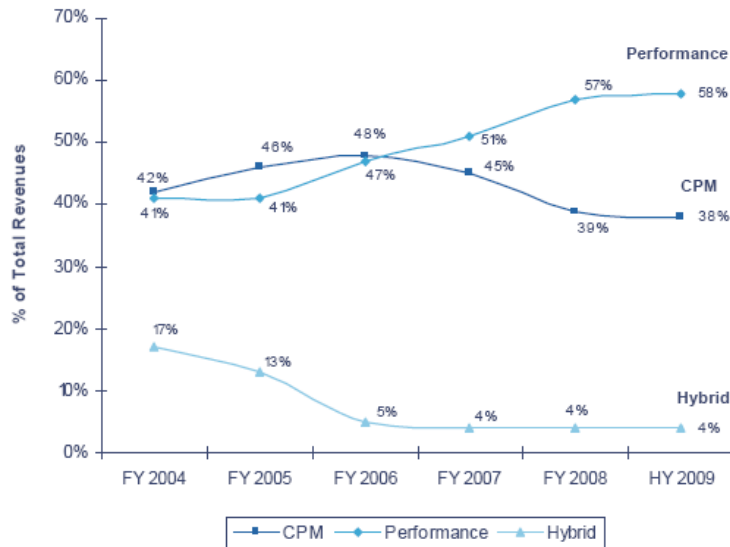
\*The total U.S. advertising market includes other segments not charted here.

\*“TV Distribution” includes national and local TV station ads as well as multichannel system ads.

Source: IAB 2008 Report

#### Online Advertising – Pricing Models

According to the IAB 2009 Report, performance based pricing, has been the most prevalent pricing model since 2006, has maintained a strong sequential growth rate and is followed by CPM/Impression based pricing which has declined as a percentage of revenue over the past several years. Hybrid pricing has seen the greatest loss in percentage revenue over the period, dipping sharply from 17% in 2004 to 4% in the first six-months of 2009.



Source: IAB 2009 Report

Further, approximately 58 percent of 2009 second quarter revenues were priced on a performance basis, up from the 54 percent reported in the second quarter of 2008, approximately 38 percent of 2009 second quarter revenues were priced on a CPM or impression basis, down from 42 percent in the second quarter of 2008 and approximately 4 percent of 2009 second quarter revenues were priced on a hybrid basis, consistent with the 4 percent reported for the second quarter of 2008.

#### **Online Advertising– Advertisement Formats**

The current online industry for online advertisement is through several formats which are broadly categorized as:

**Display Advertising (Banner Ads):** advertiser pays an Internet company for space to display a static or hyper-linked banner or logo on one or more of the Internet company's pages.

**Sponsorship:** represents custom content and/or experiences created for an advertiser which may or may not include ad elements such as display advertising, brand logos, advertorial or pre-roll video. Sponsorships fall into several categories:

- Spotlights are custom built pages incorporating an advertiser's brand and housing a collection of content usually around a theme.
- Advergaming can range from an advertiser buying all the ad units around a game or a "sponsored by" link to creating a custom branded game experience.
- Content & Section Sponsorship is when an advertiser exclusively sponsors a particular section of the site or email (usually existing content) re-skinned with the advertiser's branding.
- Sweepstakes & Contests can range from branded sweepstakes on the site to a full-fledge branded contest with submissions and judging.

**E-mail:** banner ads, links or advertiser sponsorships that appear in e-mail newsletters, e-mail marketing campaigns and other commercial e-mail communications. Includes all types of electronic mail (e.g., basic text or HTML-enabled).

**Search:** fees advertisers pay Internet companies to list and/or link their company site domain name to a specific search word or phrase (includes paid search revenues). Search categories include:

- Paid Listings: text links appear at the top or side of search results for specific keywords. The more a marketer pays, the higher the position it gets. Marketers only pay when a user clicks on the text link.
- Contextual Search: text links appear in an article based on the context of the content, instead of a user-submitted keyword. Payment only occurs when the link is clicked.
- Paid inclusion: guarantees that a marketer's URL is indexed by a search engine. The listing is determined by the engine's search algorithms.

- **Site optimization:** modifies a site to make it easier for search engines to automatically index the site and hopefully result in better placement in results.

**Lead Generation:** fees advertisers pay to Internet advertising companies that refer qualified purchase inquiries (e.g., auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry online) or provide consumer information (demographic, contact, behavioral) where the consumer opts into being contacted by a marketer (email, postal, telephone fax). These processes are priced on a performance basis (e.g., cost-per-action, -lead or -inquiry), and can include user applications (e.g., for a credit card), surveys, contests (e.g., sweepstakes) or registrations.

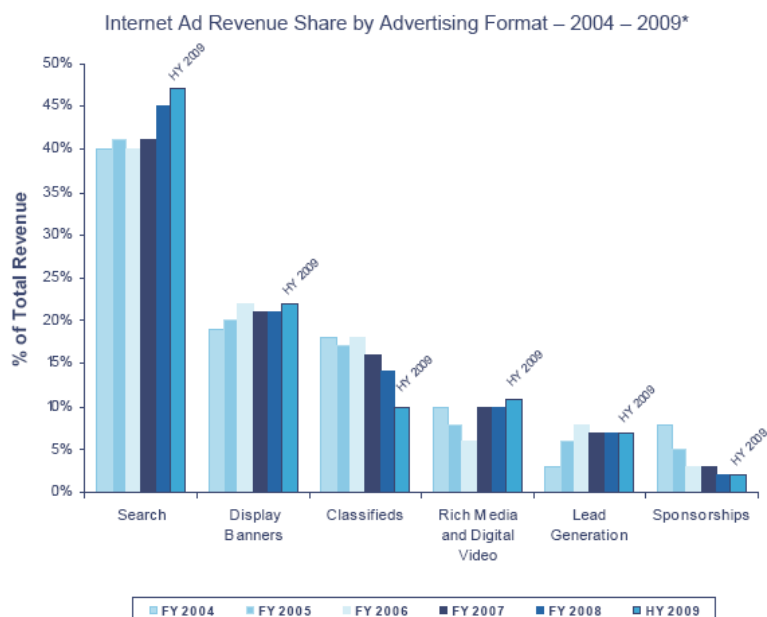
**Classifieds and auctions:** fees advertisers pay Internet companies to list specific products or services (e.g., online job boards and employment listings, real estate listings, automotive listings, auction-based listings, yellow pages).

**Rich media:** advertisements that incorporate animation, sound, and/or interactivity in any format. It can be used either singularly or in combination with the following technologies: sound, Flash, and with programming languages such as Java, JavaScript, and DHTML. It is deployed via standard Web and wireless applications including e-mail, static (e.g. .html) and dynamic (e.g. .asp) Web pages, and may appear in ad formats such as banners, buttons and interstitials. Interstitials are included in the rich media category and represent full- or partial-page text and image server-push advertisements which appear in the transition between two pages of content. Forms of interstitials can include splash screens, page takeovers and pop-up windows.

**Digital Video Commercials:** TV-like advertisements that may appear as in-page video commercials or before, during, and/or after a variety of content in a player environment including but not limited to, streaming video, animation, gaming, and music video content. This definition includes digital video commercials that appear in live, archived and downloadable streaming content.

Search has remained the leading format since 2004, and has had strong sequential growth over this period. Search is followed by Display Banners and Classifieds/Directories in percentage share of Internet advertising. Sponsorship revenues have dipped from 8.00% of total revenues in 2004 to 2.00% of total revenues the first six months of 2009, while Classifieds/Directories revenues have dropped from 18.00% of total in 2004 to 14.00% in 2008 and to 10.00% in the first six months of 2009. Provided below is an industry survey capturing internet advertising revenue shares by advertising format.

According to the IAB 2008 Report, search remains the largest revenue format, accounting for 45 percent of 2008 full year revenues, up from the 41 percent reported in 2007. Search revenues totaled \$10.5 billion for the full year 2008, up 20 percent from the \$8.8 billion reported in 2007. Display-related advertising revenues totaled \$7.6 billion or 33 percent of full year 2008 revenues, up nearly 8 percent from the \$7.1 billion (34 percent of total) reported in 2007. Display-related advertising includes Display Banner Ads (21% of 2008 full year revenues or \$4.9 billion), Rich Media (7% or \$1.6 billion), Digital Video (3% or \$734 million), and Sponsorship (2% or \$387 million). Classifieds revenues accounted for 14 percent of 2008 full year revenues or \$3.2 billion, down 4 percent from the \$3.3 billion (16 percent of total) reported in 2007. Lead Generation revenues accounted for 7 percent of 2008 full year revenues or \$1.7 billion, up 6 percent from the \$1.6 billion (7 percent) reported in 2007.

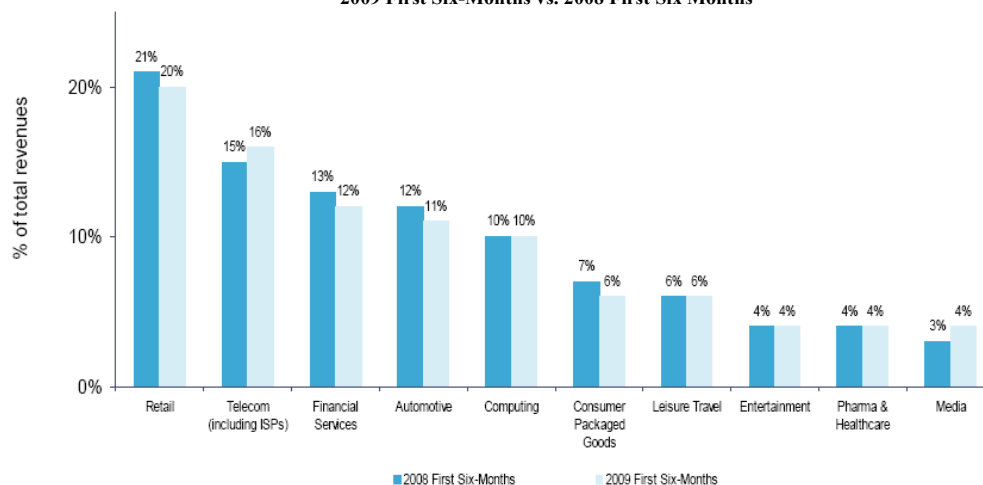


\*Format definitions may have changed over time period depicted, both within the survey process and definitionally by survey respondents.

Source: IAB 2009 Report

According to the IAB 2009 Report, Retail advertisers represent the largest category of Internet ad spending, accounting for 20 percent of revenues for the first six-months of 2009 or \$2.2 billion, down from the 21 percent (\$2.4 billion) reported in the first six-months of 2008. Telecom companies accounted for 16 percent of 2009 first six-months revenues or \$1.8 billion, up slightly from the 15 percent (\$1.7 billion) reported in the first six-months of 2008. Financial Services advertisers accounted for 12 percent of 2009 first six-months revenues or \$1.3 billion, down from the 13 percent (\$1.5 billion) reported in the first six-months of 2008. Automotive advertisers accounted for 11 percent of revenues for the first six-months of 2009 or \$1.2 billion, down slightly from the 12 percent (\$1.4 billion) reported in the first six-months of 2008. Computing advertisers represented the fourth-largest category of spending at 10 percent of 2009 first six-months revenues or \$1.1 billion, in line with the 10 percent reported (\$1.1 billion) for the first six-months of 2008. Consumer Packaged Goods and Food Products represented 6 percent of the first six-months of 2009 revenues (\$702 million) down slightly from the 7% or \$754 million reported in the first six-months of 2008. Entertainment accounted for at 4% of 2009 first six-months revenues (\$478 million), up slightly from the 4% (\$466 million) reported in the first six-months of 2008. Media accounted for 4 percent of revenues for the first six-months of 2009 or \$434 million, up slightly from the 3 percent (\$372 million) reported in the first six-months of 2008.

**Internet Ad Revenues by Major Industry Category  
2009 First Six-Months vs. 2008 First Six Months**



Source: IAB 2009 Report

According to a press release by Zenith Optimedia dated July 6, 2009, advertisement expenditure, advertisement expenditure according to region is as follows:

#### Advertising expenditure by region

**Major media (newspapers, magazines, television, radio, cinema, outdoor, internet)**  
**US\$ million, current prices.** Currency conversion at 2008 average rates.

	2007	2008	2009	2010	2011
North America	188,359	181,333	162,709	158,797	161,229
Western Europe	124,991	123,595	112,223	112,477	115,374
Asia Pacific	105,070	108,384	103,013	107,810	114,561
Central & Eastern Europe	31,293	35,218	29,826	30,837	33,861
Latin America	26,511	30,356	30,405	32,674	35,269
Africa/M. East/ROW	16,486	20,181	18,302	21,226	23,476
<b>World</b>	<b>492,709</b>	<b>499,067</b>	<b>456,479</b>	<b>463,822</b>	<b>483,770</b>

Source: ZenithOptimedia

#### Electronic Greeting Cards

According to a report by the Mintel International Group Limited on ‘*Greeting Cards and eCards*’ in February 2008 (“**Mintel Report**”), in the United States, greeting cards are a \$10.8 billion dollar market, with Christmas (\$3.2 billion), Birthday (\$2.6 billion), and Valentine’s Day cards (\$1.1 billion) representing the top three segments. The number of cards sent annually for Christmas has reached an estimated 2.2 billion. It is clear that people still want to connect, be remembered, and acknowledge others during key seasons or significant life events. From 2004 to 2007, the market has grown 34%, with Easter and Halloween cards experiencing the greatest increases. Sales for 2007 grew at a slightly slower rate due to an influx of value priced cards, though this also made greeting cards more accessible to those with lower disposable income.

According to the Mintel Report, greeting card markets are expected to continue to expand between 6.00 and 8.00% annually during 2008-10, much as it did in 2007, though significantly slower than in 2004-06. More than 90% of all U.S. households buy greeting cards. The average person receives more than 20 cards per year, about a third of which are birthday cards. According to the Mintel Report, the sales of subscription based electronic greeting cards have increased by US\$ 5 million from 2005 to 2007 and the electronic greeting card volume is approximately 300 million per year—less than 5.00% of the number of paper cards being sold.

According to the Mintel Report, U.S. sales and forecast of online greeting cards, 2004-10 are as follows:

Year	Sales at current prices \$million	% change	Index 2004 = 100	Index 2007 = 100
2004	42	-	100	82
2005	46	9.5	110	90
2006	48	4.3	114	94
2007	51	6.3	121	100
2008 (fore.)	53	3.9	126	104
2009 (fore.)	55	3.8	131	108
2010 (fore.)	58	5.5	138	114

SOURCE: Mintel/GCA/BIGResearch/National Retail Association/Online Publishers Association

According to the Mintel Report, U.S. sales of greeting cards, by segment, 2005 and 2007 are as follows:

	2005		2007		Change 2005-07
	\$million	%	\$million	%	%
Christmas	3,199	35.5	3,737	34.7	16.8
Birthday	2,623	29.1	3,103	28.8	18.3
Valentine	1,093	12.1	1,293	12.0	18.3
Fathers Day	743	8.2	780	7.3	5.0
Easter	605	6.7	807	7.5	33.3
Mothers Day	571	6.3	676	6.3	18.4
Halloween	140	1.6	310	2.9	121.4
Online Greeting cards	46	0.5	51	0.5	11.4
<b>Total</b>	<b>9,020</b>	<b>100.0</b>	<b>10,756</b>	<b>100.0</b>	<b>19.2</b>

SOURCE: Mintel/GCA/BIGResearch/National Retail Association/Online Publishers Association

## OUR BUSINESS

### Company overview

According to comScore Media Metrix, our Website was the largest (by number of Unique Visitors) electronic greeting cards website in India with a sum total of 1,46,08,169 Unique Visitors during the twelve month period from September 2008 to August 2009. Our website received a sum total of 22,56,11,000 page views and 19,31,99,000 minutes during this period, according to comScore Media Metrix.

According to comScore Media Metrix, our Website was the second largest (by number of Unique Visitors) electronic greeting cards website in the world with a sum total of 9,14,02,238 Unique Visitors, with an average of 3,94,167 daily visitors and a sum total of 16,00,53,509 visits during the twelve month period from September 2008 to August 2009.

Our Website was listed as the fourth fastest gaining website in the world by comScore MediaMetrix in March, 2008. We were also ranked second in the “Movers & Shakers” section of Alexa.com in December 2006 ranked in accordance with increase in unique users.

According to comScore Media Metrix, during the twelve month period from September 2008 to August 2009, our Website ranked as the No.1 greeting card website worldwide on five months in terms of total Unique Visitors.

Our range of over 20,000 electronic greeting cards, include rich and diverse multimedia content and are designed to cater to varying geographical and religious celebrations, occasions and other events. Our Website is refreshed automatically every 15 minutes. Our Website incorporates a simple and user-friendly interface which allows users to navigate through our electronic greeting cards by occasion, popularity or text, customize them with rich content and music, and send them to any recipient email address at no cost.

We have a team consisting of 16 creative professionals who develop in-house content including artistic, photographic and musical content for our electronic greeting cards.

We use a robust and flexible hardware and software technology platform to ensure that our Website and our electronic greetings services are capable of supporting large and varying numbers of users which may vary significantly due to the occurrence of events like St. Valentine’s Day and other significant religious and social events. Our cloud computing based, hosted technology platform hosts our data and applications on remote infrastructure which is scalable and is availed by us as and when required. This enables us to draw upon varying amounts of hardware and software resources to support the varying number of visitors to our Website while preventing wasteful expenditure during times of low user traffic.

In order to increase the reach of our services, we have, over the last two years, associated our Website and electronic greeting card services with popular online networking and software and portals including facebook.com and twitter.com by using applications and accounts which link to our Website. We also seek to use our knowledge of search engine optimization techniques to try and ensure that our Website is amongst the top few results for relevant search queries on search engines like google.com and bing.com.

Currently, most of our content is in English and we believe that our new feature, 123Greetings Studio, which is currently being tested by a limited number of developers by invitation, will help us expand our reach into new geographies and new user groups since it will enable new content in other languages created by our users to be circulated through our Website, thereby increasing the reach of our Website to users who speak different languages and require different forms of content.

We do not charge our users for accessing and sending electronic greetings and derive our revenues almost entirely from online advertising revenues and software development services. We do not use pop-ups, pop-unders and interstitial web-pages for promotions or advertisements. Our Website has received positive reviews from third party evaluation tools which scan our website repeatedly for malicious software including trojans, viruses and backdoors which can damage systems or otherwise be used in identity theft.

We believe in ensuring and safeguarding the privacy of our users and do not use any personally identifiable information in tailoring or developing our content.



Our online advertising revenues are derived from the sale of advertising space on our Website, email based advertisements which we include in the emails that deliver our electronic greeting cards and through advertisements included within our newsletters from our editorial team that is circulated to our subscribers.

Around 78 advertisers advertised with us during the three month period ended June 30, 2009 and 149 advertisers advertised with us during Fiscal 2009. These advertisers have entered into advertising contracts with us for periods ranging from one month to a year. Our advertising model derives revenues mostly on fixed fee models based on price per every thousand times that an advertisement appears on our Website (95.48% for Fiscal 2009 and 98.78% for the three month period ending June 30, 2009) with the remaining through the CPC model and CPA model.

Our sales and marketing approach involves engaging consultants to reach advertisers directly and also approaching advertiser aggregators.

We derived 89.91% of our revenues from our online advertising activities in Fiscal 2009 and 81.92% during the three month period ending June 30, 2009. We believe that our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website. We are therefore exploring the possibility of offering online gift giving services on our Website.

Most of our revenue comes from overseas markets and specifically the U.S. During the three month period ending June 30, 2009 and in Fiscal 2009, 2008 and 2007, 57.29%, 67.26%, 78.54% and 93.87%, of our operating income were derived from overseas advertisers. This calculation of revenues by advertiser location is based on the Subsidiary which bills the advertiser.

The domain name which our Website uses is owned by our Subsidiary, 123Greetings.com, Inc. We have entered into agreements with each of our Subsidiaries whereby we have agreed to provide certain information technology enabled services including content development and animation, data processing, engineering and design, remote maintenance, support services and website services. We develop content for our Website pursuant to these contracts. Our Company receives its revenues through payments for such services. Our Company also receives additional revenues through certain software development services which we provide to for third parties and advertising revenues which we receive from our other websites.

Our Company was originally incorporated as Regency Extrusions & Plastics Private Limited on February 27, 1996 with the objective of carrying on the business of manufacture, processing, distribution and marketing of polymers, synthetic resins and plastic products including household and industrial articles and office equipment.

On October 21, 1997, the name of our Company was changed to Intrasoftware Technologies Private Limited and a fresh certificate of incorporation consequent to change of name was issued on October 29, 1997.

In Fiscal 2009, our consolidated revenue increased by 15.72% and our consolidated and restated net profit increased by 32.84% as compared to the consolidated revenue and consolidated and restated net profit for the Fiscal 2008. In the three month period ending June 30, 2009 our consolidated revenue was Rs. 440.25 Lakhs and our consolidated and restated net profit after tax was Rs. 86.23 Lakhs.

In the three month period ending June 30, 2009, we earned Rs. 32.18 Lakhs from advertisement and development services through the operation of 123india.com.

We are a member of NASSCOM and the Electronics and Computer Software Export Promotion Council.

### **Our strengths**

We believe that we are well placed to retain our leading position in the electronic greetings market segment due to our competitive strengths, which include:

#### ***One of the leading electronic greeting card website by number of Unique Visitors***

According to comScore Media Metrix, our Website was the largest (by number of Unique Visitors) electronic greeting cards website in India with a sum total 1,46,08,169 Unique Visitors during the twelve

month period from September 2008 to August 2009 and our website received a total of 22,56,11,000 page views and 19,31,99,000 minutes during this period.

Our Website was the second largest (by number of Unique Visitors) electronic greeting cards website in the world with 9,14,02,238 Unique Visitors during the twelve month period from September 2008 to August 2009. During this period, our Website ranked as the No.1 greeting card website in five months in terms of total Unique Visitors. Our market position makes us a premier destination for advertisers and first time users seeking electronic greeting card services.

#### ***Well established and widely recognized website and brand***

We believe that 123greetings.com is a well established and widely recognized website and brand name in India and around the world. The name of our Website, is easy to remember, enjoys significant user recall and correlates directly to the services that our users seek, i.e. an easy to use portal to send electronic greetings. We believe that the recognition enjoyed by our Website helps it gain the advantage of high recall amongst potential users.

Our widely recognised and frequently visited Website provides our advertisers the confidence to advertise with us through a CPM model. Our advertisers include major U.S. and India based organizations in the entertainment, retail, information technology and internet verticals.

#### ***Experience and Know How***

Our electronic greetings business was started in 1997 as a result of which we are one of the oldest providers of electronic greetings in India and the world. Our twelve year history of providing electronic greetings has enabled us to establish a large user and advertiser base. Our long relationship with our users also allows us to provide them with customized and targeted services which suit their specific requirements.

#### ***We are able to develop content that caters to our users***

We aim to provide content that capture expressions identifiable with various cultures, values, religions and emotions. We have a dedicated content development team consisting of 16 creative professionals, who conceptualize, develop, create and provide artistic, photographic and musical content. We actively seek feedback from our users on the content we provide through ratings, suggestions and comments. We believe we are able to cater to the specific requirements of our various users across different cultures and geographies.

#### ***Our user and advertiser relationships***

We seek to develop, establish and maintain continuing relationships with our users and our advertisers. We have a feature in our Website which recognizes previous users by using cookies, thereby facilitating them to send cards to previously used addresses and encourages them to return to our site for their electronic greeting needs. We reach out to our users through database marketing and newsletters from our editors. We interact with our users through social networking sites, blogs, and other media to ensure continued relationship. We believe these measures help us significantly in ensuring that users frequently visit our Website. We have teams of external consultants in the United States and Singapore and sales and support teams in India that market our offerings and provide support services to our advertisers.

Our sales and marketing approach involves engaging consultants to reach advertisers directly and also approaching advertiser aggregators. Our consultants are provided the necessary training and information resources and they approach advertisers and target events and exhibitions where potential advertisers are acquired. Our consultants also approach certain advertiser aggregators and agencies to provide us with a large number of advertisers who have entered into arrangements with such advertiser aggregators and agencies for the purchase of various advertising services.

#### ***We have certain advantages over traditional greeting card companies and subscription based electronic greeting card companies.***

We believe that the ease of use of our Website and our services provide us an advantage over traditional greeting card companies. We believe our users would prefer our services over traditional greeting cards for

several reasons such as: (a) our services are free of cost and do not involve any further postage or delivery expenses; (b) our users are able to search from over 20,000 designs as opposed to a limited number available at traditional greeting card stores; (c) our users can use our on-line text based search facility and our categorized index to arrive at the card of their choice; (d) electronic greeting cards provide a richer user experience through multimedia features such as music, videos and animation; (e) our users are able to customize and personalize their greeting cards to their personal preference; (f) our Website permits our users to mail their greeting cards to large groups of recipients; and (g) electronic greetings also ensure private, secure and instant delivery of the greeting cards along with a confirmation of its receipt. We believe that our non subscription based policy is an advantage in periods of economic downturn where consumers are trying to reduce expenditure and would therefore prefer sending free electronic greetings cards over traditional greeting cards or subscription based electronic greeting cards.

***We have the technological expertise to improve and develop our services portfolio.***

We believe that our technical team designs and delivers flexible systems that have enabled us to deploy newer services within shorter time frames whilst our users enjoy a simple and responsive website which is available during times of high demand and allows us to save on infrastructure costs during periods of low usage. Our technological infrastructure, cloud-compatible applications and scalable systems provide us with the flexibility of catering to varying levels of traffic. As an expressions website, our focus lies in strengthening human relationships through creative expressions with technology providing us an environment that is reliable at times when needed most, flexible to meet growing demands and capable of catering to a global audience.

Our technological expertise also permits us to add several user features such as audio and animation content which enhance user experience and also host several advanced advertisement formats such as audio and video formats and other rich media advertisement formats which yield higher revenue due to their increased visibility.

***We have an experienced and innovative management.***

We believe that we have an experienced senior management team that has successfully expanded our business and increased our revenues, mostly through internal growth. We believe our senior management has the experience and expertise to assess key aspects of our business such as developments in technology and understanding the value of localization to increase the number of visitors of our site, which in turn will lead to an increase in our advertisement revenues. We believe that the skill, industry and business knowledge and operating experience of our senior executives led by our Promoters, provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets and lines of business.

***Our strategy***

We seek to maintain our position as the leading provider of electronic greeting cards in India and the world and further enhance our position as one of the leading providers of internet based expressions. In order to achieve these objectives, we plan to implement the following strategies:

***Using our Website as a platform for online gifting services***

We derived 89.91% of our revenues in Fiscal 2009 and 81.92% of our revenues in the three month period ending June 30, 2009 from our online advertising activities.

We believe that our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website thereby increasing our revenues from users accessing our Website.

Therefore, we are exploring the possibility of offering online gift giving services on our Website by entering into e-commerce relationships with leading vendors in a variety of gift categories. We have an eight member team as of October 23, 2009 engaged in examining the process of implementing our e-commerce initiatives, in addition to our advertising and sales departments. The team would also evaluate potential e-commerce partners on various parameters such as reception of their products by our targeted users, compatibility with the purchasing habits of our users and profitability.

We have also engaged in limited test marketing of certain gift articles using a third party online market place. While our revenues from these activities to date have been insignificant in relation to our total revenues, we expect to derive an increasing percentage of our revenues from e-commerce activities based on our Website in the future.

In addition to relationships with e-commerce partners for drop shipping arrangements, we propose to enter into arrangements with potential e-commerce partners to provide us with e-commerce services that enable us to sell products and services directly through our Website using third party licensed software and tools. We propose to undertake this once we have established a sizeable user database which would reflect their purchasing orientations. Under these agreements, these partners aggregate and supply us with access to a wide range of products that are available directly from our Website. These partners also have agreed to process orders and coordinate the fulfillment and shipment of orders for products sold through our Website. Therefore, currently we envisage only the processing of payment and would not require any working capital or the requirement to maintain an inventory.

#### ***Continued emphasis on innovation and customization of our services***

We recognize the importance of continued innovation of our services. To this extent we intend to enhance the utility and features of our existing services and create new services and features which contain current and topical content and are customized for our diverse groups of users based on their geographic location, interests and other criteria. We believe that this will enable us to increase our business from our existing users and will also assist us in acquiring new users by targeting specific demographic and interest groups.

To facilitate this mode of delivery we have incorporated several value added distributive services on our platform. These include additional computer widgets which are under development and a new affiliates feature which allows affiliates to license and include topic specific content from our content bank on their respective websites by paying a portion of their revenues from such content to us.

#### ***Enhancement of our advertising revenue streams***

We believe that the popularity of our Website enhances our attractiveness as a location for advertising on the internet; we intend to enhance the same through the efforts of our sales and marketing team and through aggressively building our brand through online and traditional advertising. We have an inventory of advertising space on our Website, which we sell to our advertisers for periods from one month to one year. We intend to enhance our revenues generated by advertising and to diversify the revenue model. We are also contemplating providing sponsored links, whereby advertisers provide a link to their websites from our Website. We are also focusing on capturing a greater share of our existing advertisers' online advertising budgets. We are also considering strengthening our distribution partnerships with major internet content and service providers through integration, co-branding and joint marketing programs.

Advances in technology have permitted advertisements in newer and richer formats which include flash, video and audio content which yield increased revenues from advertisers due to the increased visibility received from such advertisements. We believe that our Website which supports such rich media advertisements would help us increase our advertisement revenues.

#### ***Expand the scope and geographical presence of our business***

With respect to the international markets, we intend to customize our services to the extent necessary to cater to the local conditions of those markets, including the creation and operation of websites specific to such markets and include content in foreign languages. We intend to focus on East Asian markets including China and Japan. We believe that such expansion with local customization will enable us to meet the competition in such markets effectively.

#### ***Growth through a combination of inorganic and organic growth***

We recognize, given the existing nature of our business, our need for traffic-specific models of growth and expansion. We intend to focus on growing the number of Unique Visitors on our site, based on a model most suitable for our Company. We intend to evaluate acquisition opportunities as well as organic growth. We are also continually evaluating strategic alliances for the growth and expansion of our business, as such measures will allow us to achieve economies of scale in the long run.

## OUR BUSINESS

We are in the business of providing electronic greeting cards, development of associated digital content and online marketing. We own and operate [www.123greetings.com](http://www.123greetings.com), which is one of the most visited electronic greetings website.

### *Our Website*

We provide electronic greeting card services through our principal website, [www.123greetings.com](http://www.123greetings.com). Our domain name has been designed to aid user recall and is popular amongst the users of electronic greeting cards. The domain name which our Website uses is owned by our Subsidiary, 123Greetings.com, Inc and operated by us.

Our Website offers our users convenient, simple and integrated means to select and send electronic greeting cards. A user accessing our Website may browse through cards through our indexed catalogue or through the upcoming events listed on our Website or perform a text search to arrive at the card of their choice. We assist the user in making his or her choice by highlighting most popular cards, most viewed cards, highest rated cards and our latest additions in each category. On selecting the card, the user may customize the same by choosing appropriate background music and other features as relevant to the particular card. The user may send the card filing a form providing the names and email addresses of the user and the recipient or include the same from a list of previous recipients. The user may choose to include a personalized message, the time of despatch and may opt to receive a notification when the recipient views the card. The recipient of a card receives an email from our Website containing the name and email address of the user and a link to retrieve the card from our Website where it is stored for 30 days from the despatch of the card.

The greeting cards available on our Website include content developed by us. We offer over 20,000 electronic greeting cards covering over 3,000 every-day and seasonal categories.

We permit our users to rate cards and comment on them. We also provide a platform where users can collaborate and discuss events and holidays.

We believe that our operations are founded on user experience and we strive to provide users with a rewarding and satisfying experience while using our services. Our Website is intuitively designed and is easy to use for all users across varying age groups and familiarity with use of our services. While users may use our services to send electronic greeting cards through as few as two simple steps, we offer additional features which may be incorporated if the user is so inclined. Our Website has a clutter free design and the content is arranged in a visually hierarchical manner, enabling our users to browse through cards with ease.

We seek to enhance user experience by social proofing our Website by displaying content that are relevant to the user, as determined by data analysis and user input. Our web-pages reflect the card sending patterns of users in different time zones and geographies.

All content gets dynamically updated on our Website within 15 minutes. Our reliance on up-to-date technology enables us to operate and function without disruptions or delays even in periods of increased traffic, such as our peak season beginning from Halloween and Thanksgiving to St. Valentine's Day, where our systems are designed to create, store and deliver on user demand. Further, our applications and solutions enable users to schedule the delivery of cards up to 60 days in advance of the event and allow users to send cards up to 100 recipients at the same time. We believe these measures increase user satisfaction.

Our users may also use a feature offered by us which recognizes previous users by using cookies, permits them to store the email addresses of their previous transmissions to facilitate easy transmission of cards on repeat visits and for sending to multiple recipients.

We are aware of the sensibilities and sensitivities of our users and we do not use pop-ups, pop-unders and interstitial web-pages for promotions or advertisements.

We believe in ensuring and safeguarding the privacy of our users. Accordingly, we disclose and adopt best practices on all data collection policies. We do not use any personally identifiable information in tailoring

or developing our content. We provide users with several real time un-subscription options and actively seek to contain spam mails and messages. We maintain active databases by removing non-active users through automated processes. We do not share any personally identifiable information of our users including the email addresses with our advertisers.

Our Subsidiaries do not have any documented *inter se* arrangements in place for their use of the Website and sale or advertising space on our website.

Apart from our Website, we also operate 123india.com. We acquired this website pursuant to the Scheme of Amalgamation whereby we acquired all properties and assets of One Two Three India.com Limited. 123india.com offers news, finance, cricket, greetings, movies, horoscope, weather, clubs, gifts, jokes and other general information. We also provide online advertising software development, integration and customization services to clients through 123india.com. During Fiscal 2009, we earned Rs. 18.04 Lakhs from advertisement and Rs. 39.40 Lakhs from development services through the operation of 123india.com.

### ***Our new features***

We are currently invested in developing new features including those described below:

- 123Greetings Studio, which shall serve as a platform where our user/user developers can contribute by designing and developing new electronic greeting cards which can be shared with other users. 123Greetings Studio enables developers to create and upload electronic greeting cards which are available to all of the users of our Website who rate such cards and also provide a platform for amateur designers and artists to show-case their creativity on a competitive basis and discuss their works with each other.
- An address book feature, whereby our users can register themselves in our Website and create an address book where they can store their personal and business contacts to facilitate easy transmission of cards. This new feature would also permit our users to import and update their contacts from other applications and web mail servers.
- An “e-invitations” feature, provided as a further extension of electronic greeting cards service, through our Website, whereby our users may send invitations for parties, ceremonies and other events. We believe we will be able to increase our internet and traffic during festive and holiday seasons where our users in addition to sending electronic greeting cards for the occasion would be more likely to host parties, ceremonies and other events for which invitations can be sent to their friends and relatives.

### ***Our Content***

We aim to provide content that capture expressions identifiable with various cultures, values, religions and emotions. We have a dedicated content development team consisting of 16 creative professionals, who conceptualize, develop, create and provide artistic, photographic and musical content. They include professional from various domains such as photographers, sketch artists, cartoonists, designers, copywriters, visualizers, guitarists, keyboardists and drummers. We have a proprietary bank of over 20,000 electronic greeting cards.

Prior to developing content for new electronic greeting cards, our research team, based on user requests and feedback, independent research and through monitoring competitor activity, identifies events with sufficient potential for distribution. Events are also checked for consistency with our terms of use and our policies on prohibited content. Once identified by the research team as satisfying the above criteria, the content development team identifies the target audience and appropriately develops the storyboard, graphical content and music. Once the research findings and the developed content are approved, the newly developed content is made available on our Website.

Due to the wide variety of electronic greeting cards that we offer to our users across several countries, we develop or otherwise acquire content including content specific to different regions, languages, cultures and communities. Our everyday electronic greeting card offerings are categorized into 16 different sections. We endeavour to provide cards for as many expressions as possible, covering 3,000 seasonal and every day

categories including annual events and holidays. We receive increased traffic during Valentine's Day, Christmas, Easter, Thanksgiving, New Year and Halloween. The contents of our website are periodically rearranged every 15 minutes to prioritize content which is more popular with our users. This enables us to provide our users with popular and dynamic content when they log into our website.

We also permit our users to customize their electronic greeting cards according to their particular preferences through selecting background-tunes, background colour, and personal messages in various fonts, colours and styles.

We actively seek feedback from our users on the content we provide. Our users can rate cards, creating user ratings which are tracked. Users can also write their comments, thoughts and opinions about each of the different cards and provide ideas for new cards. We also provide a platform where users can collaborate and discuss events and holidays. We believe this process increases user participation and interaction and enable us to further enhance the quality of our content and cater to the specific needs and requirements of each category of users.

### ***Our Technology***

We have invested significant resources since the inception of our electronic greetings business to develop our in house technology platform which is used to support and enable our services. We have improved our technological infrastructure to base the same on flexible architecture that supports rapid development and incorporation of content and using a combination of proprietary technology and licensed third party technology. We have used certain leading technology service providers to provide our technological infrastructure required to facilitate the same.

Our business requires hosting and making available several applications and solutions to our users on the internet. We enforce carefully devised operational procedures, high quality software development procedures and stringent quality assurance procedures in developing our technological infrastructure, in order to provide for flexibility and responsiveness while ensuring high degrees of availability, reliability, scalability, extensibility and performance.

We have increased our ability to create web-solutions that may be hosted without investing resources for developing expertise over specific network infrastructure while at the same time retaining control and transparency by using a leading cloud management platform to create web-solutions that are portable across distributed infrastructure. Our cloud-ready web-solutions are hosted through the services offered by one of the largest service provider in this segment, with which we can requisition computing power, storage, gain access to a suite of elastic IT infrastructure services in accordance with our business demands and requirements. We have implemented the use of applications that provide a fully redundant data storage infrastructure for storing and retrieving large amounts of data, applications that provide computing capacity on a scalable and pay-per-use basis; tools that provide a hosted queue for storing messages as they travel between computers, to build automated workflow between web services and other modules which works in conjunction with each other to run queries on structured data in real time.

At the heart of the system is a relational database management system which contains our user and transactional data. The production database maintains data regarding our users' interaction with our Web site and a number of other data points, including member data and product data. We have increased our capability by using an online analytical processing tool which is used to extract reports from our data warehouse. Daily, weekly, monthly and ad hoc reports are produced from our data warehouse system to support targeted marketing activities. We have also implemented the use of a merchandising tool to assign electronic greeting cards to appropriate channels and a content management tool that allows us to put the appropriate components together and to process changes to the Web site in an orderly manner.

Most of our revenue comes through paid advertisements on our Websites. We use management tools sourced from a leading IT services provider, which enables multi-platform advertisement management facilities and includes tools for web-site analytics, inventory and yield management and reporting and analysis services. Use of this service assists us in our tracking and billing processes. In addition, we use several open source software, languages, applications and tools such as Apache, MySQL, Sphinx and Perl.

To effectively manage our business, and monitor, regulate and manage the internet traffic to our various websites, we currently use the services provided by a leading provider of domain name server ("DNS")

management technology to manage our external and internal DNS infrastructure and functions. These services provide for communications and interoperability with internal and external databases and systems while responding to DNS queries and requests. The software platform is supplemented by additional applications and tools that reduce latency and enable us to monitor and manage DNS data through an online DNS management portal.

We seek to ensure that our servers and content are secured through network security measures to protect against Distributed Denial of Service (“DDoS”) attacks, unauthorized re-routing of traffic and interference by other customers of the service provider. There are physical security measures implemented by the hosting service provider who has hosted our infrastructure. Security is also ensured through firewalls at the operating system level at the virtual interface level. Additionally, we also use DNS tools also provide protection against DDoS and phishing attacks.

Our hosting service also seeks to ensure that our data is backed up across multiple datacenters on the initial upload of data and actively making further copies in the event of device unavailability or detected errors.

Our content delivery and distribution network (“CDN”) enables us to deliver content and enables our users to retrieve content from multiple locations thereby enabling us to maximize bandwidth for access to data from locations throughout the network and reducing latency in delivery of content to our users. Our CDN permits us to actively avail varying resources to meet real-time usage demands on our website thereby enabling greater operational cost-efficiencies and improving delivery performance and availability.

#### ***User and Advertiser Support and Services***

While our services are provided free of cost to our users, we believe that a high level of user service and support is critical to retaining and expanding our user base. We provide user support assistance via email, and it is our policy to try and respond to all user inquiries within one business day. We also incorporate user feedback into our data warehouse system, where it is correlated with other user information that we use to improve our Web site, services and user retention and acquisition mechanisms. Our user and advertiser support operations are fully integrated with our system architecture, and our user and advertiser support personnel have access through our Website to certain transaction processing tools, which enables them to easily trace individual transactions and quickly identify problems.

#### ***Our Markets and Revenue Sources***

We do not charge our users for sending, receiving or viewing our electronic greeting cards.

Advertisement on the internet is usually done through one of the following three pricing models: (i) Cost-per-thousand (or Cost Per Mille / cost per thousand impressions - CPM) which is an impression-based model, where the advertiser pays for the number of times the advertisement is viewed; (ii) Cost-per-click (CPC) which is a performance-based model, where the advertiser pays for the number of times the advertisement is clicked; and (iii) Cost-per-action (CPA) which is an action-based model, where the advertiser pays for the number of times a user performs a specified action such as registering or requesting information. Billing mechanisms for the CPM and CPC pricing models would involve submission of traffic reports by the publisher and an accompanying invoice based on the traffic reports, whereas for the CPA model the advertiser would maintain a log of number of actions performed which would correspond to the traffic reports of the publisher based on which the invoice would be raised.

CPM models are preferred by large online portals and place higher risks on the advertiser *vis-à-vis* the advertisement publisher and have lower market rates. In comparison, the CPC model involves lesser risk from the advertiser’s perspective since they pay for every click on their advertisement and greater risk from the publisher’s perspective. The CPA model is less prevalent than the other models as this places additional risk on the publisher who may not receive revenues if the advertiser’s message is not compelling enough to warrant the specified actions by the users.

As of March 31, 2009, 95.48% and as of June 30, 2009, 98.78% of our revenues from advertisers were based on a CPM model and the remaining revenue from CPC and CPA models. Our advertisers include major U.S.-based organizations in the entertainment, retail, information technology and internet verticals.



Our arrangements with our advertisers are usually for periods between one month to one year and terminable by both parties at convenience by giving notice of up to one month. We collect payments normally on a monthly or bi-monthly basis at previously agreed rates.

We enable advertisers to deliver their messages and promote their products to a large and diverse group of consumers on a highly targeted basis. Our use of occasion specific pages which are tailored by the IP address from which a user has accessed our Website provides our e-commerce based advertisers with access to consumers at a time when they may be acknowledging an occasion and are therefore likely to be receptive to specific advertising and relevant gift ideas.

Through their registration and their selection of specific electronic greeting cards and gifts, members provide us with valuable demographic data, which we use to help our advertisers selectively target appropriate aggregate consumer subsets from our rapidly growing base of users and recipients through strategically placed advertisements and product offerings in specific content channels and through direct marketing campaigns.

Most of our revenue comes from overseas markets and specifically the US. In the three month period ended June 30, 2009 and in Fiscal 2009, 2008 and 2007, 58.13%, 68.42%, 79.07% and 93.87%, of our operating income were derived from overseas advertisers of which 57.29%, 67.26%, 78.54% and 93.87% came from the US. This calculation of revenues by advertiser location is based on the Subsidiary which bills the advertiser.

Most of our advertisers and our targeted audience are in the United States of America. We also have certain number of advertisers and users from Europe. Through the course of our operations in India, we offer a wide variety of electronic greeting cards, due to the varied communities, languages, festivals and regional celebrations prevalent in India. We intend to focus on the markets in China, Japan and other countries in East Asia.

We also target social networking sites to build brand awareness, increase visits to our Website and our advertisement revenue. We currently provide our services in the form of applications on the social networking websites, facebook.com and twitter.com. We believe social networking sites, frequented by young adults will help us gain brand visibility and build awareness about our Company and the services we offer.

#### ***Our User and Advertiser Relationships***

We seek to develop, establish and maintain continuing relationships with our users and our advertisers.

We maintain a database of our users and enable our users to create accounts, store personal and business contacts. We have a feature in our Website which recognizes previous users by using cookies, thereby facilitating them to send cards to previously used addresses and thereby encourages them to return to our Website for their electronic greeting needs. In addition to our initiatives to ensure a user-friendly experience at our Websites, our users can also subscribe to a newsletter from our Website editors, which was started as a monthly editorial but is currently circulated on a weekly basis.

Our editors are also available on social networking websites to continue interacting with our users, giving them a more personalized experience. Our users also are members of fan-clubs and discussion groups on social networking websites where we facilitate interaction between our various users regarding their user experiences at our Website. Our editors also operate a blog which provides yet another platform for interaction with our users.

We have external consultants in the United States and Singapore and sales and support teams in India that market our offerings and provide support services to our advertisers.

#### ***Our User Data and Privacy Policies***

We believe that our data and privacy policies are critical to our users and our business.

We believe in protecting our users' privacy and we do not disclose personal user information to third parties except under very limited circumstances which are outlined in our usage policy such as compliance with

law or prevention of misuse. We further do not monitor or edit the contents of the personalized portions of electronic greeting cards that are sent, except under the same limited circumstances as described above.

We, however, share general, non-personal and non-identifiable aggregated information about our users with third parties, including advertisers and sponsors, for business purposes. This information indicates the number of users in certain broad demographic groups who may send electronic greeting cards.

When we run special contests or promotions on our Web site with third parties, we clearly indicate in such promotions that any information provided in connection with those promotions will be provided to partners and give our users and members the ability to opt out of such promotions. From time to time, we also send our users, with their permission, special offers and announcements on behalf of partners and sponsors. If personal information is solicited by those sponsors, such as an email address, members are informed that any information they provide goes directly to those partners and not to us. We believe we are in compliance with all current privacy laws and regulations relating to the use and disclosure of our users' personal information. Nevertheless, current and proposed domestic and foreign privacy regulations and other laws restricting the collection, use and disclosure of personal information could limit our ability to use the information in our databases to generate revenues in the future. We continue to evaluate and review the effects of various legislative initiatives with respect to online privacy on our business. To the extent such further legislation is enacted, it may hamper our growth, decrease acceptance of the Internet as a medium of communication and commerce or cause us to incur significant expense in complying with these laws.

### ***Our Employees***

We recognize that maintaining the energy, focus and satisfaction of our employees is essential to gaining a competitive advantage and sustaining the growth of our Company. Our personnel policies are therefore aimed at recruiting the talent which we need. The skills and diversity of our employees enables us to cater to the various requirements faced by our Company in the course of our business.

Our 95 personnel, as on September 19, 2009, are distributed across various business functions such as content development, operations, technology, sales and support, finance and compliance.

We believe that we have maintained good relationships with our employees in the past. 60.00% of our employees are graduates and 32.00% are post-graduates. We follow a well-defined selection process, comprising of screening of applicants, interviews, background checks and references. We have a probation policy through which all our new employees are kept under probation for six months after which they are confirmed upon satisfactory performance. The expenditure on the remuneration of our employees constitutes 19.27% of the cost component of our business in Fiscal 2009. We had an attrition rate of 17.36% for Fiscal 2009 and 10.89% during the period from April 1, 2009 to September 19, 2009.

We have human resources policies that provide the code of conduct and rules for office decorum ensuring an organized and effective work environment. We also have an information systems policy in place ensuring effective and monitored use of office resources including our Company's information technology resources. We have a copyright policy in place ensuring that our creative development team does not infringe any third party rights in intellectual property while developing content. We also have an exit policy which captures and facilitates the knowledge transfer process to facilitate the continuation of the activities of the team.

We do not have an employee stock option plan.

### ***Our Performance and our Competition***

We were the second most visited electronic greetings website world wide in terms of Unique Visitors during the twelve month period from September 2008 to August 2009.

Our usage patterns and traffic volumes during the twelve month period from September 2008 to August 2009, according to comScore Media Metrix are as follows:

Month	Rank in terms of Unique	Total Unique Visitors	% Reach	Average Daily Visitors	Average Pages per Visitor	Average Minutes per	Total Visits
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	Visitors				Visitor		
August 2009	2	68,36,796	0.6	3,41,588	10.58	9.55	1,16,78,508
July 2009	3	53,28,285	0.5	2,63,074	11.00	10.41	89,92,401
June 2009	2	59,12,698	0.5	3,17,596	12.95	11.99	1,05,78,497
May 2009	1	69,72,383	0.6	3,41,332	11.10	10.55	1,16,35,658
April 2009	1	72,97,068	0.7	3,75,527	11.40	10.82	1,24,41,436
March 2009	1	73,05,619	0.7	3,69,432	13.06	10.93	1,2,6,90,080
February 2009	1	91,16,922	0.8	5,30,430	15.43	12.48	1,69,07,283
January 2009	1	90,06,210	0.9	4,56,200	11.55	11.19	1,54,77,328
December 2008	2	1,26,94,851	1.3	6,72,013	16.19	15.01	2,38,36,741
November 2008	3	60,95,429	0.6	3,16,094	18.45	14.27	1,06,23,831
October 2008	3	80,18,662	0.8	4,03,335	16.78	12.46	1,38,27,058
September 2008	3	68,17,315	0.7	3,43,392	13.52	12.02	1,13,64,688

We routinely undertake search engine optimization processes by adjusting keywords, meta-tags and content based on changes in user behavior and key phrases. Based on the same, we are the category leaders for electronic greeting cards across most major search engines like Google, Yahoo, MSN and Ask.com.

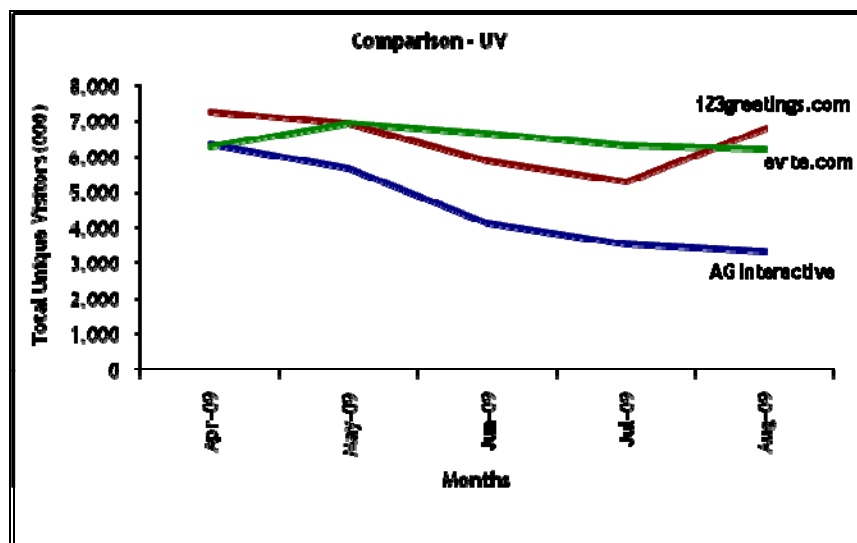
### Competition

The market for online card is highly competitive. There are no substantial barriers to entry in this market, and we expect that competition in the existing market will continue to intensify. Negative competitive developments could have a material adverse affect on our business.

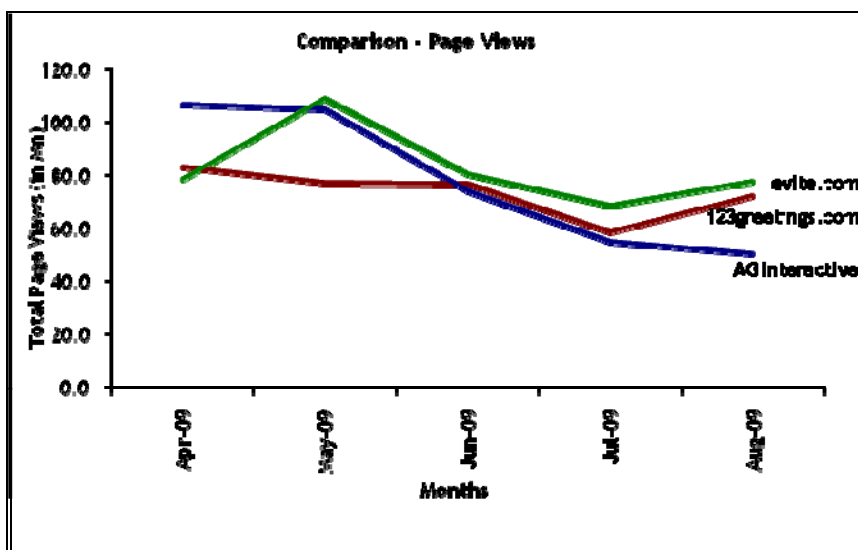
We compete with many other providers of electronic greeting cards. As the popularity of online communication continues to increase, we expect to compete directly with a greater number of websites and a wide range of media companies that provide online services similar to ours. We also compete in vertical markets where competitors may have advantages such as substantial financial resources, brand recognition and other factors. Our market is evolving rapidly and we compete with many Internet companies for content, consumer time, limited online advertisement expenditure and e-commerce revenues. We expect this competition to increase.

We compete, in particular, with companies or their affiliates that offer electronic greeting cards via the Internet, content aggregators that offer electronic greeting cards, and providers of traditional greeting cards and related services. We also compete with numerous types of web based businesses and web sites for a limited internet advertising expenditure. In addition, competitors may also be able to undertake more extensive marketing campaigns, adopt aggressive pricing policies and devote substantially more resources to developing Internet content and services than us.

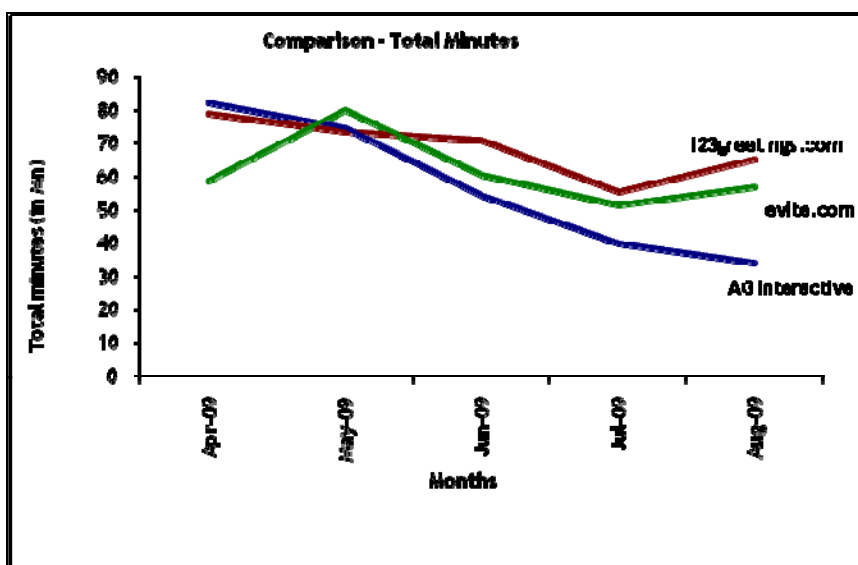
The usage patters and traffic volumes of our Website in comparison with that of some of our competitors for the period from April 2009 to August 2009 according to comScore Media Metrix are as follows:



Source: Data from comScore Media Metrix



Source: Data from comScore Media Metrix



Source: Data from comScore Media Metrix

### Our Intellectual Property

Our Company and our subsidiaries have registered the following trademarks in the following jurisdictions:

Registrant	Mark	Class	Jurisdiction and Validity
One Two Three India.com Limited	INDIA'S PREMIER PORTAL	Newsletters, periodicals, pamphlets, books, catalogs, various materials related to website operating, publishing, designing, developing, hosting, service providing, printed materials and photographs	India, May 2, 2010
One Two Three India.com Limited	MORE – WHENEVER INDIA PLAYS, ITS LIVE ON WWW.123INDIA.COM	Newsletters, periodicals, pamphlets, books, catalogs, various materials related to website operating, publishing, designing, developing, hosting, service providing, printed materials and photographs	India, May 2, 2010

123Greetings.com, Inc	FREE GREETINGS FOR THE PLANET	Online retail services in the field of personalized greeting cards and gifts distributed via electronic mail and through a global computer network.	United States of America, July 24, 2011
123Greetings.com, Inc	123GREETINGS	Online retail services in the field of personalized greeting cards and gifts distributed via electronic mail and through a global computer network.	United States of America, July 24, 2011
123Greetings.com, Inc	123GREETINGS.COM	Online retail services in the field of personalized greeting cards and gifts distributed via electronic mail and through a global computer network.	United States of America, July 24, 2011
Intrasoft Technologies Limited	GIVING LIFE TO YOUR EXPRESSIONS	Internet related various services.	India; February 2, 2017
123Greetings.com, Inc	123GREETINGS FREE GREETINGS FOR THE PLANET	Online retail services in the field of personalized greeting cards and gifts distributed via electronic mail and through a global computer network.	United States of America, November 27, 2011

In addition, we have rights to 509 internet domain names as on October 20, 2009, including such names that resemble our Website. Several of these domain names re-route traffic to our Website. Apart from our Website, various other websites hosted from these domain names include those that re-direct traffic to our website, that contain event specific content which link to back to specific content within our website, that host content for our affiliates programme and websites like 123india.com which are unrelated to the business of our company but generate advertisement revenues.

Of the above 509 internet domain names, 83 including the domain name where our Website is hosted are registered in the name of 123Greetings.com, Inc. and one domain name is registered in the name of 123Greetings (Singapore) Pte Limited.

Further, 413 domain names have been registered by a third party service provider in accordance with the agreement with such third party service provider whereby such domain names have been registered in the name of such service provider on our behalf for the benefit of easier acquisition of domain names, management, maintenance and provision of additional services such as web design and development as required by us. The terms of such agreement provide that such registrations shall be transferred to us free of any cost upon demand. The details of the registration of our principal websites are as follows:

Domain Name	Registrar	Registrant	Date of validity
123greetings.com	Network Solutions LLC	123Greetings.com, Inc	May 19, 2010
123india.com	Domain Discover	123Greetings.com, Inc	October 21, 2010

### ***Our Property***

We manage our operations out of the following leased premises:

Company / Subsidiary	Address
Intrasoft Technologies Limited	Fifth Floor, No. 145, Rash Behari Avenue, Kolkata 700 029, West Bengal, India First Floor, No. 3A, Dr. Satyananda Road, Kolkata 700 029, West Bengal, India
123Greetings.com, Inc	1674 Broadway, Suite 403, New York, NY 10019, United States of America
One Two Three Greetings (India) Private Limited	A-502, Prathamesh, Raghuvanshi Mills Limited Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
123 Greetings (Singapore) Pte Limited	391B, Orchard Road, #113-09, Ngee Ann City Tower B, Singapore 238874

Our office in Kolkata, which is 6,000 square feet in carpet area and located in South Kolkata, houses 95 professionals, and is engaged in content development, quality control operations, programming, user engagement, website marketing and also functions as the back office for global sales.

The technical infrastructure at our Kolkata office includes high speed internet access, employee work stations, communication facilities and is serviced by continuous IT support and maintenance services

### **Quality Assurance**

We have quality control systems in place to ensure that our services are designed and produced to meet user requirements and that the services and content we offer are easily accessible and to try and ensure the non-infringement of any third party intellectual property rights.

Our quality control processes operate at three levels: (i) content quality check, which includes testing against pre-defined parameters, automated process flows and automated software validation, (ii) technical quality check, which tests the usability, functionality and user-interface across various operating systems, browsers and display resolutions and includes continuous monitoring of HTML pages, components and error logs, and (iii) website quality check, which includes management of mail deliveries, spam management and tracking and monitoring user-generated content in accordance with pre-defined moderation policies.

Our content is screened to try to exclude references and material pertaining to certain categories such as adult/mature content, promotion of tobacco products, weapons, alcohol and prohibited narcotic substances and violent content. We also screen our content to try and exclude any material infringing third party intellectual property rights or rights likely to affect public sentiment.

All our content is produced in accordance with consistent technical specifications to ensure interoperability between systems and platforms.

### ***Notices Received***

Our Subsidiary, 123Greetings.com, Inc. has received three notices in relation alleged infringement of a third party patent, claim by a user in relation to an advertisement made by an advertiser through our website and in relation to an allegedly misleading advertisement. In addition there is one outstanding matter in relation to taxation currently pending before the revenue authorities. For further details in relation to our litigation, see “Outstanding Litigation and Material Developments” on page 198.

### ***Financial Indebtedness***

We have outstanding secured borrowings of Rs. 197.81 Lakhs and outstanding unsecured borrowings of Rs. 40.61 Lakhs as of June 30, 2009. For details of our secured and unsecured borrowings please see “Financial Information” on page 116.

## REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Maharashtra and West Bengal, certain international treaties and conventions to which India is a signatory and the respective bye laws framed by the local bodies incorporated under the laws of India. Further we are governed by the laws of the U.S. and Singapore as applicable to our Subsidiaries. The information detailed in this chapter has been obtained from the various legislations, international treaties and conventions and the bye laws of the respective local authorities that are available in the public domain.*

### **Information Technology Laws**

Information Technology Act, 2000 (the “**Information Technology Act**”) is principally based on the UNCITRAL model law. The object is to give effect to the resolution of the United Nations which recommended giving favourable consideration to the said model law while enacting or revising their laws so that uniformity of law, applicable to the alternatives to the paper based methods of communication and storage of information is achieved. It's other object is to promote efficient delivery of government services by means of reliable electronic records.

The Information Technology Act regulates storage, processing and communication of electronic data and information. The use of modern means of communications such as E-mail and electronic data interchange has been rapidly increasing. However, the communication of legally significant information in the form of paperless messages may be hindered by legal obstacles to the use of such messages, or uncertainty to their legal effect and validity. The purpose of the Act is to remove such obstacles and to create a more secure legal environment for what has now become known as “electronic commerce”. The Act provides legal recognition of electronic records and electronic signatures, their use, retention, attribution and security. Penalties are provided for cyber crimes which include tampering with computer source document and electronic publishing of obscene information, in addition to provision of compensation in certain cases. The Information Technology Act also provides punishment for offences committed outside India if the act involves a computer system or computer network outside India.

### **Intellectual Property**

Our intellectual property includes our registered intellectual property rights, including trademarks in relation to various marks and registered, as well as unregistered rights in intellectual property including copyrights in relation to software. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below.

### **Copyright Protection**

The Copyright Act, 1957 (“**Copyright Act**”) governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films and sound recordings. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favouring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a sixty years period following the demise of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorised sale and commercial rental of software also amount to infringement of copyright. The

Copyright Act also prescribes certain fair use exceptions which permit certain acts, which are otherwise considered copyright infringement.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. A third set of remedies are administrative or quasi judicial remedies, which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

### ***International Treaties for Copyright Protection***

India is a signatory to the Berne Convention for the Protection of Literary and Artistic Works (the “**Berne Convention**”), the Universal Copyright Convention, 1952, (the “**UCC**”) the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the “**TRIPS Agreement**”). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold. While the Berne Convention does not prescribe what works are required to be protected under it, computer software has been brought under its purview by means of Article 10 of the TRIPS Agreement.

The UCC provides for similar protection, including national treatment and minimum substantive rights to be granted to copyright holders. The substantive provisions include the right of foreign national of a signatory country whose work was first published outside a signatory state to claim copyright protection in that signatory state under the UCC upon the printing of a copyright symbol and certain other information.

### ***Trademarks***

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) governs the statutory protection of trademarks in India.

Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act.

An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.



### ***Trade Secrets and Confidential Information***

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under common law.

### ***Patent Protection***

The Patents Act, 1970 (“**Patents Act**”) is the primary legislation governing patent protection in India.

In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent.

The Patents Act deems that computer programs per se are not ‘inventions’ and are therefore, not entitled to patent protection. This position was diluted by The Patents Amendment Ordinance, 2004, which included as patentable subject matter:

1. Technical applications of computer programs to industry; and
2. Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005, does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs *per se* from patent protection.

The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence not patentable), *inter alia*, by the existence of:

1. any earlier patent on such invention in any country;
2. prior publication of information relating to such invention;
3. an earlier product showing the same invention; or
4. a prior disclosure or use of the invention that is sought to be patented

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post-grant. The grounds for such patent opposition proceedings, *inter alia*, include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period. The Controller of Patents is required to obtain the prior consent of the Central Government before granting any such permission in respect of inventions relevant for defence purpose or atomic energy.

This prohibition on foreign applications does not apply, however, to an invention for which a patent application has first been filed in a country outside India by a person resident outside India.

### ***International Patent Protection Mechanisms***

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, (“**PCT**”) creates one such mechanism

whereby filing an application under the PCT results in the effective filing of a separate application in each of several designated countries under the PCT.

### ***The Software Technology Parks Scheme (“STP Scheme”)***

The STP Scheme was introduced by the Government of India with the objective of encouraging, promoting and boosting the software exports from India.

The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window clearances and approvals including project approvals, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following Fiscal benefits, rendering it attractive for entrepreneurs:

1. All hardware and software imports are exempt from customs duties;
2. A STP unit is exempt from payment of corporate tax upto the year 2009;
3. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers;
4. Capital goods purchased from the domestic tariff area (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;
5. The sales in the domestic tariff area shall be permissible upto 50% of the export in value terms;
6. 100% depreciation on capital goods over a period of five years.

Many state governments have also added to the basket of incentives by providing for low rates of sales tax on products in the information technology sector, besides providing concessional tariff on electricity.

### ***Setting up an STP Unit***

In order to avail the benefits as envisaged by the Government of India, a company is required to register itself with the jurisdictional STPI (the body which administers the STP Scheme). The registration of a unit will normally be granted in about 25 days.

A company desirous of obtaining the STP registration is also required to obtain an Importer-Exporter Code from the Director General of Foreign Trade. Upon approval of the application, a company is required to execute an agreement with the STPI agreeing to comply with conditions prescribed in the STP approval, *inter alia* the export obligations and customs bonding of the premises.

### ***Private warehouse license***

Following the approval under the STP, a company is required to obtain an approval from the Customs authorities for setting up a Private Bonded Warehouse and also an In-Bond Manufacturing order to store the Capital goods obtained free of Customs / Excise duty and to carry on the manufacture of computer software.

### ***Compliances under the Scheme***

The principal compliance required of a company accorded approval under the STP Scheme is the fulfilment of the export obligation. Additionally, the unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the CIF value of imported goods and foreign currency spent on incidental expenses.

### ***Foreign Investment Regime***

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999, (“**FEMA**”) and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board (“**FIPB**”) is required for activities to be carried out by foreigners in India.

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 is 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. No such approval is required for our Company and 100% FDI is allowed under the FEMA Regulations.

### ***The Foreign Trade Policy, 2009***

Export Oriented Units (“EOU”) are governed by the Foreign Trade Policy 2009 (“FTP”) and the Handbook of Procedures. The EOU scheme was introduced in the year 1980 by Ministry of Commerce pursuant to resolution dated December 31, 1980, to boost exports by creating additional production capacity. It was introduced as a complementary scheme to the free trade zones/export processing zone scheme. Under the FTP, an EOU is required to have positive net foreign exchange (“NFE”) earning. An EOU may import and/or procure from Domestic Tariff Area (“DTA”) or bonded warehouses in DTA/international exhibitions held in India without payment of duty all types of goods, including capital goods, required for its activities, provided they are not prohibited items of import under the ITC (HS) classification. Under the EOU scheme, the units are permitted to import goods including capital goods required for approved activity, free of cost or on loan/lease from clients. The goods shall be utilized for export production only.

### ***Major applicable labour laws***

#### ***Shops and establishments legislation***

The conditions of service of employees of Information Technology companies are regulated, *inter alia*, by the relevant shops and establishments law.

#### ***Bombay Shops and Establishments Act, 1948***

The Bombay Shops and Establishments Act, 1948 provides for the regulation of the conditions of work and employment in shops and commercial establishments. With a view to achieve this, it prescribes regulations in relation to hours of work, annual leave, wages, employment of women, maintenance of records etc.

#### ***West Bengal Shops and Establishments Act, 1963***

The provisions of West Bengal Shops and Establishments Act, 1963 contain similar provisions on the lines of those contained in Bombay Shops and Commercial Establishments Act, 1961.

#### ***Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

#### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952***

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”) provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

#### ***The Income Tax Act, 1961***

In addition to prescribing regulations for computation of tax liability on income, the Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every taxpayer to apply to the assessing officer for a permanent account number.

## HISTORY AND CORPORATE STRUCTURE

Our Company was originally incorporated as Regency Extrusions & Plastics Private Limited on February 27, 1996 by Sharad Kajaria and others with the objective of carrying on the business of manufacture, processing, distribution and marketing of polymers, synthetic resins and plastic products including household and industrial articles and office equipment.

On October 21, 1997, the name of our Company was changed to Intrasoft Technologies Private Limited and a fresh certificate of incorporation consequent to change of name was issued on October 29, 1997.

On May 27, 1999, Intrasoft Media Technologies, Inc, a subsidiary of our Company was incorporated with its registered office in New York. On August 31, 1999, the name of the Subsidiary was changed to 123Greetings.com, Inc.

On September 30, 1999, our Company, together with its nominees, acquired 10,00,000 shares in One Two Three India.com Limited. Pursuant to the above acquisition, our Company was deemed to be a public limited company under Section 43A (1B) of the Act, and accordingly the name of our Company was changed to Intrasoft Technologies Limited with effect from July 6, 2000. Upon the commencement of the Companies (Amendment) Act, 2000, our Company ceased to be a public limited company and accordingly changed the name of our Company back to Intrasoft Technologies Private Limited with effect from March 13, 2002.

On January 31, 2007, One Two Three Greetings (India) Private Limited, a subsidiary of our Company was incorporated with its registered office in Mumbai, India. On April 12, 2007, 123 Greetings (Singapore) Pte Limited, a subsidiary of our Company was incorporated with its registered office in Singapore.

The High Court of Calcutta on June 20, 2007 and the High Court of Bombay on May 4, 2007, sanctioned a Scheme of Amalgamation of One Two Three India.com Limited with our Company with effect from April 1, 2006. Pursuant to the Scheme of Amalgamation of One Two Three India.com Limited with our Company, our Company became a public limited company and the name of our Company was changed to Intrasoft Technologies Limited with effect from October 16, 2007.

On December 24, 2007, our Company entered into a share subscription agreement with its Promoters and Intel, providing for Intel's purchase of 2,55,805 Series A convertible cumulative participating preference shares of our Company and 1,000 Equity Shares of our Company. Our Company, the Promoters and Intel had also entered into a Shareholders Agreement and an Investors Rights Agreement, each dated December 24, 2007 providing for inter-se rights between the Promoters and Intel. On October 12, 2009, the parties entered into an Amended and Restated Shareholders Agreement and an Amended and Restated Investor Rights Agreement whereby the rights of Intel under the Shareholders Agreement and the Investor Rights Agreement were amended. For details on the Intel Agreements and the Amended and Restated Shareholders Agreement and the Amended and Restated Investor Rights Agreement, see "History and Corporate Structure – Material Agreements" on page 78.

There are 91 shareholders in our Company as of the date of this Draft Red Herring Prospectus.

### Corporate Profile

We are engaged in the business of providing electronic greeting cards, development of associated digital content and online marketing. We own and operate 123greetings.com, which is the most visited electronic greetings website with over 9,14,02,238 Unique Visitors during the twelve month period from September 2008 to August 2009. We describe ourselves as one of the world's leading online destination for human expressions and seek to provide personalized services to our users.

We provide electronic greeting cards through our websites and have partnered with several service providers for our technological infrastructure required to facilitate the same. We do not charge our users for sending, receiving or viewing our electronic greeting cards and our revenues are from advertisers on our websites. Most of our advertisers and our targeted audience are in the United States of America.

### Change of Status and Registered Office

The status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on September 26, 2007. A fresh certificate of incorporation consequent on change of name was granted to our Company on October 16, 2007 by the RoC.

Following are the details regarding shifting of our Registered Office:

From	To	Date of Board Resolution	Reasons for Change
109A/1A, B.R.B. Basu Road, Calcutta 700 001, India	5, Lake Temple Road, Calcutta 700 029, West Bengal, India	June 15, 1999	For smooth operation and convenience of the business of our Company
5, Lake Temple Road, Calcutta 700 029, India	Fifth Floor, No.145, Rash Behari Avenue, Kolkata 700 029, West Bengal, India	March 27, 2009	For better management of our Company

**Note:** Pursuant to a resolution by the shareholders on August 5, 2009, we have filed a petition dated September 14, 2009 before the Company Law Board, Kolkata for shifting our registered office from Kolkata, West Bengal to Mumbai, Maharashtra.

### Key Events and Milestones:

Date	Event
1996	Incorporation of our Company as Regency Extrusions & Plastics Private Limited.
1997	Change in name of our Company from Regency Extrusions & Plastics Private Limited to Intrasoft Technologies Private Limited.
1999	<ul style="list-style-type: none"><li>Our Company, together with its nominees, acquired 10,00,000 shares in One Two Three India.com Limited.</li><li>Intrasoft Media Technologies, Inc, a subsidiary of our Company was incorporated with its principal office in New York.</li></ul>
2000	Change in name and status of our Company to Intrasoft Technologies Limited.
2002	Change in name and status of our Company to Intrasoft Technologies Private Limited.
2006	Our Website ranked second amongst the “Movers and Shakers” section of Alexa.com.
2007	<ul style="list-style-type: none"><li>High Court of Calcutta and High Court of Bombay sanctions the Scheme of Amalgamation of One Two Three India.com Limited with our Company with effect from April 1, 2006.</li><li>Our Company became a public limited company and the name of our Company was changed to Intrasoft Technologies Limited.</li><li>Investment by Intel in our Company.</li><li>One Two Three Greetings (India) Private Limited, a subsidiary of our Company was incorporated with its registered office in Mumbai.</li><li>123 Greetings (Singapore) Pte Limited, a subsidiary of our Company was incorporated with its registered office in Singapore.</li></ul>
2008	Our Website becomes the fourth fastest gaining site overall in terms of unique users according to ComScore Media Metrix.

### Awards and Accreditations

Date	Award/Accreditation
February 2006	Our Website was ranked 71st largest website on Valentine’s Day, 2006 by Alexa.com
December 2006	Our Website was ranked second amongst the Movers and Shakers category by Alexa.com ranked in accordance with increase in unique users
January 2007	Our Website was ranked second amongst the top 10 gaining properties by comScore.

### Our Main Objects

Our main objects enable us to carry on the business that is carried on and proposed to be carried on by us.

Our main objects as contained in our Memorandum are as follows:

1. To manufacture, buy, sell, export, import, publish, trade in, broadcast, deal in, assemble, fit, repair, convert, overhaul, alter, maintain, develop and improve all types of electronic hardware, software, devices, equipment, appliance, hard and soft magnetic media, office equipment, interest and related networking services, internet service offering enterprise-wide networked solutions to satisfy complex computing and communication needs, extranets and other IP-enabled service technologies, enterprise network solutions, information technology enabled services, electronic commerce applications, software development and support activities, publishing, telecommunications, internet access, web designing, content creation, photography, leased lines, email, web pages, web sites, banners server management, computers, data acquisition and control instrumentation.
2. To carry on the business of developing, improving, designing, marketing, selling and licensing software, firmware and programme of any and all description.
3. To plan, design, develop, purchase, sell, produce, manufacture, process, repair, lease, install, import, export or otherwise deal in or with apparatus, instruments, machinery, fixtures, devices and contrivances, of every kind more particularly those related to development of all kinds and types of computer software, firmware and programmes and machinery, equipment, process, procedure, layouts and combinations thereof useful in connection with the research, development an manufacture of any of the foregoing; and to engage in any or all business activity related or incidental to any of the following.
4. To provide consultancy services related to the preparation and maintenance of accounting, statistical, scientific or mathematical information and reports, data processing, preparing, collecting, storing, processing and transmitting information and data of every kind and description, systems and analysis and machines services solving or aiding commerce industry, scientific and research problems and for all other related business.
5. To undertake research and development with respect to any of the above mentioned items and to act as consultant and technical advisors on the use thereof.

#### **Amendments to the Memorandum of Association**

Since incorporation, the following changes have been made to our Memorandum of Association:

<b>Date of Shareholders' Approval</b>	<b>Amendment</b>
October 21, 1997	Change in our name from Regency Extrusions & Plastics Private Limited to Intrasoft Technologies Private Limited
July 1, 1998	The initial authorized share capital of our Company of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 was increased to Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10.
October 10, 1998	<p>The main objects clause was changed to:</p> <p><i>"1. To manufacture, buy, sell, export, import, publish, trade in, broadcast, deal in, assemble, fit, repair, convert, overhaul, alter, maintain, develop and improve all types of electronic hardware, software, devices, equipment, appliance, hard and soft magnetic media, office equipment, interest and related networking services, internet service offering enterprise-wide networked solutions to satisfy complex computing and communication needs, extranets and other IP-enabled service technologies, enterprise network solutions, information technology enabled services, electronic commerce applications, software development and support activities, publishing, telecommunications, internet access, web designing, content creation, photography, leased lines, email, web pages, web sites, banners server management, computers, data acquisition and control instrumentation.</i></p> <p><i>2. To carry on the business of developing, improving, designing, marketing, selling and licensing software, firmware and programme of any and all description.</i></p> <p><i>3. To plan, design, develop, purchase, sell, produce, manufacture, process, repair, lease, install, import, export or otherwise deal in or with apparatus, instruments, machinery, fixtures, devices and contrivances, of every kind more particularly those related to development of all kinds and types of computer software, firmware and programmes and machinery, equipment, process, procedure, layouts and combinations thereof useful in connection with the research, development an manufacture of any of the foregoing; and to engage in any or all business activity related or incidental to any of the following.</i></p> <p><i>4. To provide consultancy services related to the preparation and maintenance of accounting,</i></p>

<b>Date of Shareholders' Approval</b>	<b>Amendment</b>
	<i>statistical, scientific or mathematical information and reports, data processing, preparing, collecting, storing, processing and transmitting information and data of every kind and description, systems and analysis and machines services solving or aiding commerce industry, scientific and research problems and for all other related business.</i> <i>5. To undertake research and development with respect to any of the above mentioned items and to act as consultant and technical advisors on the use thereof."</i>
December 21, 1998	The authorized share capital of our Company was increased from Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10 to Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs. 10.
July 6, 2000	Change in our name from Intrasoft Technologies Private Limited to Intrasoft Technologies Limited pursuant to the conversion of our Company to a deemed public company by virtue of Section 43A of the Companies Act
March 13, 2002	Change in our name from Intrasoft Technologies Limited to Intrasoft Technologies Private Limited pursuant to the conversion of our Company to a private limited company consequent to the amendment of Section 43A of the Companies Act
September 26, 2007	Change in our name from Intrasoft Technologies Private Limited to Intrasoft Technologies Limited pursuant to our conversion to a public limited company
September 26, 2007	The authorized share capital of our Company was increased from Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs. 10 to Rs. 1,31,91,490 divided into 13,19,149 equity shares of Rs. 10.
December 10, 2007	The authorized share capital of our Company was increased from Rs. 1,31,91,490 divided into 13,19,149 equity shares of Rs. 10 to Rs. 25,24,69,472 divided into 16,87,315 equity shares of Rs. 10 and 3,07,166 CCPs having a face value of Rs. 767.
October 15, 2009	The authorised share capital of our Company was increased from Rs. 25,24,69,472 divided into 16,87,315 equity shares of Rs. 10 and 3,07,166 CCPs having a face value of Rs. 767 to Rs. 25,25,00,000 divided into 1,690,061 equity shares of Rs. 10 and 307,170 CCPs.
October 15, 2009	The authorized share capital of our Company was reclassified from Rs. 25,25,00,000 divided into 1,690,061 equity shares of Rs. 10 and 307,170 CCPs having a face value of Rs. 767 to Rs. 25,25,00,000 divided into 2,52,50,000.00 equity shares of Rs. 10.

#### **Details of Subsidiaries**

Our subsidiary, 123Greetings.com, Inc., owns the Website and carries out marketing and sale of advertisement space on our Website to our advertisers in North America. The authorised share capital of 123Greetings.com, Inc. is USD 1,10,000 divided into 1,00,00,000 equity shares of US\$ 0.01 each and 10,00,000 preferred shares of US\$ 0.01 each and the paid up capital of USD 1,00,000 divided into 1,00,00,000 equity shares of US\$ 0.01 each. Our Company holds 1,00,00,000 equity shares in 123Greetings.com, Inc., i.e. 100% of the issued and paid up capital of 123Greetings.com, Inc.

Our subsidiary, One Two Three Greetings (India) Private Limited, carries out marketing and sale of advertisement space on our Website to Indian advertisers. The authorised share capital of One Two Three Greetings (India) Private Limited is Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each and the paid up capital of One Two Three Greetings (India) Private Limited is Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each. Our Company, including through our nominees, holds 1,00,000 equity shares in One Two Three Greetings (India) Private Limited, i.e. 100% of the issued and paid up capital of One Two Three Greetings (India) Private Limited.

Our subsidiary, 123 Greetings (Singapore) Pte Limited, carries out marketing and sale of advertisement space on our Website to our advertisers in Asia. The authorised share capital of 123 Greetings (Singapore) Pte Limited is SGD 2,00,000 divided into 2,00,000 equity shares of SGD 1.00 each and the paid up capital of 123 Greetings (Singapore) Pte Limited is SGD 2,00,000 divided into 2,00,000 equity shares of SGD 1.00 each. Our Company, including through our nominees, holds 2,00,000 equity shares in 123 Greetings (Singapore) Pte Limited, i.e. 100% of the issued and paid up capital of 123 Greetings (Singapore) Pte Limited.

#### ***Scheme of Amalgamation of One Two Three India.com Limited with our Company***

The High Court of Calcutta on June 20, 2007 and the High Court of Bombay on May 4, 2007, sanctioned a Scheme of Amalgamation of One Two Three India.com Limited with our Company under Sections 391 and 394 of the Act ("**Scheme of Amalgamation**") whereby all the properties, assets, rights, registrations,

licenses, permissions, approvals and powers along with all the debts, liabilities, duties, charges, encumbrances and obligations of One Two Three India.com Limited were transferred to our Company with effect from April 1, 2006. The object of the amalgamation was to enable the combined business of both companies to be carried on more advantageously through more efficient utilisation of resources, reduction in overheads and improvement in various operating parameters. The Scheme of Amalgamation further provided for the employees of One Two Three India.com Limited to continue as employees of our Company. An agreement dated March 27, 2000 between the shareholders of One Two Three India.com Limited which provided for 5% shareholding in One Two Three India.com Limited by Primesoftex Limited, 4% shareholding by Metal Centre Limited, formerly known as (Natex Investment and Marketing Limited) and 1% shareholding by apj.com Private Limited was terminated upon the sanction of the Scheme of Amalgamation. In consideration of the amalgamation, the shareholders of One Two Three India.com Limited were allotted one new fully-paid Equity Share in our Company for every four equity shares in One Two Three India.com Limited that such shareholder held. The new Equity Shares so allotted are ranked pari passu with the other Equity Shares of our company. The Equity Shares that were to be allotted to our Company by virtue being a shareholder was issued and held in trust for the benefit of our Company by the Intrasoft Beneficiary Trust (“Trust”). According to the declaration of the Trust dated October 24, 2007, the Trust shall continue for a period of five years from such date within which the trustees, Arvind Kajaria and Sharad Kajaria are required to sell all the shares held in trust. However, such period may be extended by our Company in our sole discretion. All dividend and income accrued in respect of the shares held in trust are deposited in the bank account of the Trust. Pursuant to the amalgamation, the share certificates of the members of One Two Three India.com Limited were cancelled and upon surrender to our Company, new share certificates in relation to the newly allotted shares were issued. Upon amalgamation, the authorised share capital of One Two Three India.com Limited was combined with the authorised share capital of our Company.

#### **Details of Certain Material Agreements**

##### ***Share Subscription Agreement, Shareholders Agreement and Investor Rights Agreement between our Company, its Promoters and Intel***

On December 24, 2007, our Company entered into a share subscription agreement with its Promoters and Intel, providing for Intel’s purchase of 2,55,805 Series A convertible cumulative participating preference shares of our Company having a nominal value of Rs. 767 each and 1,000 equity shares having a nominal value of Rs. 10 per share at a premium value of Rs. 757 of our Company constituting in the aggregate 16.30% of our Company’s shares on a fully-diluted, as converted basis, to the Investor at a price of Rs. 767 per CCPS and Rs. 767 per share respectively. Our Company, the Promoters and Intel had also entered into a Shareholders Agreement and an Investors Rights Agreement, each dated December 24, 2007 providing for inter-se rights between the Promoters and Intel. (The Share Subscription Agreement, Shareholders Agreement and Investor Rights Agreement, together referred to as the “**Intel Agreements**”). The Shareholders Agreement provides for certain restrictions on disposition of shares by the Promoters, rights of first refusal and co-sale of Intel, restrictions on transfer of Intel’s shares to competitors, affirmative covenants and requirements on our Company to buy back shares on Intel’s request. The Investor Rights Agreement provides for certain financial information rights to Intel (including rights to receive monthly and quarterly financial statements, monthly management information summaries, annual operating budget and business and strategic plans for each Fiscal year), preemptive rights in relation to new securities, certain rights regarding registration of our Company’s securities, approval of the Intel for various actions, nomination of directors and an observer to the board of directors. The Investor Rights Agreement further requires our Company to take best efforts to ensure that Intel’s shareholding is not made subject to a lock-in or Intel be classified as a promoter of our Company.

Further, Intel, our Company and the Promoters have entered into an Amended and Restated Shareholders Agreement and an Amended and Restated Investor Rights Agreement, both dated October 12, 2009, whereby restrictions on issue price under Section 1.1 of the Shareholders Agreement and Section 2(b) of the Investor Rights Agreement, certain affirmative covenants under Section 4.1 of the Shareholders Agreement and Section 1.6 of the Investor Rights Agreement have been removed. Certain further amendments have been made in order to remove certain rights providing for buy back rights, investor approval for employee stock options, pre-emptive rights and negative covenants which, along with corresponding changes to our Articles of Association will be effective upon filing of the Red Herring Prospectus with SEBI. Such amendments shall stand reversed if the Issue is not consummated in twelve months from the date of adoption of the new articles of our Company. Pursuant to the termination



provisions, the Intel Agreements will terminate upon the listing of the equity shares of our Company.

***Service Provider Agreements with 123Greetings.com, Inc., One Two Three Greetings (India) Private Limited and 123 Greetings (Singapore) Pte Limited***

We have entered into an agreement with our Subsidiaries 123Greetings.com, Inc., dated April 1, 2003, with One Two Three Greetings (India) Private Limited dated January 31, 2007 and with 123Greetings (Singapore) Pte Limited dated May 15, 2007. Under the terms of these agreements, we have agreed to provide certain information technology enabled services including content development and animation, data processing, engineering and design, remote maintenance, support services and website services. Payments in relation to such services are to be paid by the corresponding Subsidiary within 180 days from the date of the monthly invoices raised by our Company.

***Strategic partners***

Our Company does not have any strategic partnerships and has not entered into any joint venture agreement with any other entity.

***Financial partners***

Our Company does not have any financial partners.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association we are required to have not less than three directors and not more than 12 directors subject to section 252 and 259 of the Companies Act, 1956. We currently have six directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Age	Other Directorships/Partnerships/Trusteeships/Sole Proprietorships
<b>Arvind Kajaria</b> S/o Om Prakash Kajaria  <i>Managing Director</i>  Address: 15B/1A, Raja Santosh Road Alipore, Kolkata 700 027, India  Occupation: Business  Term: Five years with effect from April 1, 2009 up to March 31, 2014  DIN: 00106901	45	<b>Trust</b> 1. Intrasoft Beneficiary Trust  <b>Companies</b> 1. 123Greetings (Singapore) Pte Limited.
<b>Sharad Kajaria,</b> S/o Om Prakash Kajaria  <i>Whole time Director</i>  Address: 15B/1A, Raja Santosh Road Alipore, Kolkata 700 027, India  Occupation: Business  Term: Five years with effect from April 1, 2007 up to March 31, 2012  DIN:00108036	33	<b>Trust</b> 1. Intrasoft Beneficiary Trust  <b>Companies</b> 1. 123Greetings.com, Inc.
<b>Amitava Ghose</b> S/o Asit Kumar Ghose  <i>Independent Director</i>  Address: 22, Ballygunge Park Road Kolkata 700 019, India  Occupation: Professional  Liable to retire by rotation  DIN: 02776685	47	<b>Sole Proprietorship</b> 1. Atlantis Capital

<b>Deepak Narottamdas Kanabar</b> S/o Narottamdas Kanabar  <i>Independent Director</i>  Address: 404, Maker Chambers V 221, Nariman Point Mumbai 400 021, India  Occupation: Professional  Liable to retire by rotation  DIN: 01402864	45	<b>Companies</b> 1. Lekha Investments and Finance Private Limited.  <b>Partnerships</b> 2. K. S Aiyar and Co. Chartered Accountants. 3. AJD & Associates, Chartered Accountants
<b>Vishal Agarwal</b> S/o Bimal Kumar Agarwal  <i>Independent Director</i>  Address: No. 1-J, Lake Plaza 277, Jessore Road Kolkata 700 048, India  Occupation: Professional  Liable to retire by rotation  DIN: 0757759	32	<b>Companies</b> 1. Lemcom Merchants Private Limited.  <b>Partnerships</b> 1. Agarwal & Friends 2. Madanlal Kishorilal
<b>Rupinder Singh</b> S/o Amarjit Singh Nagi  <i>Independent Director</i>  Address: Flat III/C2, Aasha Co-operative Housing Society Limited 93, Deshpriya Sasmal Road Kolkata 700 033, India  Occupation: Professional  Liable to retire by rotation  DIN: 02815733	50	-

Amongst our Directors, Arvind Kajaria and Sharad Kajaria are brothers.

#### **Brief Biographies of our Directors**

**Arvind Kajaria** is our Managing Director. He graduated with a Bachelors Degree in Commerce from Calcutta University. He graduated with a Bachelors Degree in Business Administration from Adelphi University, New York. He has over 20 years of experience in finance, accounting, marketing and management. Prior to joining our Company, he was engaged in his family business of providing financial services and manufacturing. He has been a member of the Board since 1999. His current responsibilities include providing strategic inputs for the growth of our Company. He is a member of the international fraternity of Delta Sigma Pi, an award winner of Dale Carnegie Training and the former president of the Young Entrepreneurs' Organization, Kolkata.

**Sharad Kajaria** is a Whole time Director of our Company. He graduated with a Bachelors Degree in Commerce from Calcutta University. He has over 12 years of experience in internet technologies and has been associated with guiding development of technology solutions that drive our business growth. His understanding of new media with an intuitive sense for how technology and community blend together has been instrumental in our Company's strategic technological initiatives. He has extensive experience in

leading large-scale technology transition programs, including migrations, upgrades, and relocations. He has been a member of the Board since 1997. His current responsibilities include strategic planning & system design and development.

**Amitava Ghose** is an Independent Director of our Company. He graduated with a Bachelors Technology (Hons) Degree in Chemical Engineering from the Indian Institute of Technology, Kharagpur. He has over 20 years of experience in investment banking, international banking, equity and debt capital markets, private equity, cross border and local M&A, project finance, privatization advisory, and financial strategy. Further he has sectorial experience in the fields of infrastructure, engineering, banking, telecommunications, shipping, cement, steel, power, fertilizer and chemicals. He started his career with The World Bank Group, USA, based out of Washington D.C., where he advised many developing and under developed countries on their external debt strategy, prepared bank's policy recommendation modules on external debt management and privatisation of state owned enterprises. Thereafter, he was with Owen Stanley Financial Inc., based out of Paris, and was designated Executive Vice President of the firm. There, he provided financial technical assistance to highly indebted least developed countries on external debt management and privatization. Whilst living in Paris, he also worked for The EC PHARE Programme of the European Commission. There he advised the Baltic countries on setting up the stock market from a legal, regulatory and financial perspective. Subsequently he shifted to the investment banking industry. As a Director of the HSBC Group, he set up the investment banking business along with an expatriate staff from UK and ultimately took domain responsibility of the "Equity Capital Markets" business. His investment banking career took him to other institutions of international repute such as CLSA, Chescor Capital and TAIB. He has also advised the Government of Botswana as a part of a team from Adam Smith Institute, on privatising the financial sector in the country.

**Deepak Narrottamdas Kanbar** is an Independent Director of our Company. He graduated with a Bachelors Degree in Commerce from Mumbai University. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, Further he graduated with a Bachelors Degree in Law from Government Law College, Mumbai. He has been practising as a Chartered Accountant since December 1987 and has over 23 years of experience in the field of taxation and audit.

**Vishal Agarwal** is an Independent Director of our Company. He graduated with a Bachelors Degree in Commerce from Calcutta University. He has qualified as a Chartered Accountant from Institute of Chartered Accountants of India. He has over 5 years experience in financial services and financial advisory industry. He worked with SKS Securities as a Research Analyst and with Irvana Research Services as a Senior Research Analyst. He also worked with WNS Global Services as a Senior Analyst and team leader with Copal Partners as a Senior Associate where he was involved in developing and monitoring various financial structures and models. He is currently a partner of Agarwal & Friends, where he is involved in managing statutory audits and direct taxation matters.

**Rupinder Singh** is an Independent Director of our Company. He graduated with a Bachelors Degree in Commerce from Calcutta University. He has over 20 years experience in the event management and entertainment industry. He has worked independently as a public relations consultant. He has worked with Imago Consultants as a consultant. He has also worked with Showdiff Worldwide Private Limited as the Regional Head (East) where he was engaged in managing celebrity endorsements and management of concerts and other events.

The Directors have not been selected as a director or member of senior management under any arrangement or understanding with major shareholders, customers, suppliers or others.

There are no service contracts entered into by the Directors with the Issuer providing for benefits upon termination of employment.

#### **Shareholding of our Directors in our Company**

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Draft Red Herring Prospectus.

Sl.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding	Post-Issue Percentage Shareholding
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1.	Arvind Kajaria	28,00,014	25.38%	19.01%
2.	Sharad Kajaria	28,00,000	25.38%	19.01%
3.	Arvind Kajaria and Sharad Kajaria as trustees of Intrasoft Beneficiary Trust	17,50,000	15.86%	11.88%
<b>TOTAL</b>		<b>73,50,014</b>	<b>66.62%</b>	<b>49.90%</b>

### **Payment or benefit to directors/officers of our Company**

Except as disclosed below, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

### **Interests of Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested to the extent of Equity Shares, if any, held by them or their relatives or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them, other distributions in respect of the said Equity Shares and other benefits arising out of the ownership of the said Equity Shares.

Our Executive Directors Arvind Kajaria and Sharad Kajaria are entitled to receive remuneration from us.

Except as disclosed in "Related Party Transactions" on page 112 & 140 and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors and Promoters have not acquired any property and do not have any interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus.

### **Remuneration of our Directors**

#### *Arvind Kajaria*

Arvind Kajaria was re-appointed as Managing Director of our Company for a period of five years with effect from April 1, 2009, pursuant to a resolution of our shareholders dated September 19, 2009. The terms of employment and remuneration include the following:

<b>Particulars</b>	<b>Remuneration</b>
Basic Salary	Rs. 2,00,000 per month
Perquisites	(i) Travel leave concession for self and family once in a year; (ii) Club fees for a maximum of two clubs except entrance fee and life membership fee; (iii) Car with actual running and maintenance expenses borne by the Company; (iv) Telephone expenses at residence excluding personal long distance calls; and (v) Mobile and internet expenses excluding personal long distance calls.
Accommodation	Furnished residential accommodation

The remuneration by way of salary payable to Arvind Kajaria is within the limits laid down in Section 198 and Section 309 of the Companies Act.

#### *Sharad Kajaria*

Sharad Kajaria was re-appointed as the Whole time Director of our Company for a period of five years with effect from April 1, 2007, pursuant to a resolution of our shareholders dated September 5, 2008. The terms of employment and remuneration include the following:

Particulars	Remuneration
Basic Salary	Rs. 1,75,000 per month
Perquisites	(i) Travel leave concession for self and family once in a year; (ii) Club fees for a maximum of two clubs except entrance fee and life membership fee; (iii) Car with actual running and maintenance expenses borne by the Company; (iv) Telephone expenses at residence excluding personal long distance calls; and (v) Mobile and internet expenses excluding personal long distance calls.
Accommodation	Furnished residential accommodation

The remuneration by way of salary payable to Sharad Kajaria is within the limits laid down in Section 198 and Section 309 of the Companies Act.

### Changes in Our Board of Directors during the last three years

The following are the changes in our Board of Directors during the last three years.

Sl. No.	Name	Date of appointment	Date of cessation	Reason
1	Amitava Ghose	October 15, 2009	-	Appointed
2	Deepak Narottamdas Kanabar	October 15, 2009	-	Appointed
3	Vishal Agarwal	October 15, 2009	-	Appointed
4	Rupinder Singh	October 15, 2009	-	Appointed
5	Karuna Kajaria	April 1, 1996	October 19, 2009	Resigned

### Corporate Governance

Corporate governance is administered through our Board and the committees of the Board. However, primary responsibility for upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with our Board.

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to broad basing of our board, constitution of committees. Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has six Directors, of which the Chairman of the Board is an Executive Director and in compliance with the requirements of Clause 49 of the Listing Agreement, we have two Executive Directors and four Independent Directors on our Board.

### Audit Committee

The Audit Committee was constituted by our Directors at their Board meeting held on October 16, 2009, complying with section 292A of the Companies Act and Clause 49 of the Listing Agreement. The Audit committee consists of following members:

Sl. No.	Name of Director	Designation	Executive/ Independent
1	Vishal Agarwal	Chairman	Independent Director
2	Rupinder Singh	Member	Independent Director
3	Arvind Kajaria	Member	Managing Director

The terms of reference of the audit committee are as follows:

1. Overseeing our Company's financial reporting process and disclosure of its financial information;
2. Recommending to the Board the appointment, re-appointment and replacement of the statutory auditor and the fixation of audit fee;

3. Approval of payments to the statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
6. Reviewing, with the management, the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
9. Discussion with internal auditors any significant findings and follow up there on;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
11. Discussion with 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;
12. Reviewing the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
13. Reviewing the functioning of the whistle blower mechanism, in case the same exists; and
14. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the chief internal auditor.

The Company Secretary of our Company acts as the secretary to the Committee.

#### **Remuneration Committee**

The Remuneration Committee was constituted by our Directors at their Board meeting held on October 15, 2009. This Committee is responsible for the oversight of executive compensation. The Remuneration Committee consists of the following members:

Sl. No.	Name of Director	Designation	Executive/ Independent
1	Rupinder Singh	Chairman	Independent Director
2	Vishal Agarwal	Member	Independent Director
3	Arvind Kajaria	Member	Managing Director

The terms of reference of the Remuneration Committee are as follows:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - i. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
  - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders, our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment;

3. Perform such functions as are required to be performed by the Remuneration Committee under the ESOP Guidelines, in particular, those stated in Clause 5 of the ESOP Guidelines; and
4. Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Company Secretary of our Company acts as the secretary to the Committee

#### ***Investor Grievance cum Share Transfer Committee***

The Investor Grievance cum Share Transfer Committee was constituted by our Directors at their Board meeting held on October 16, 2009. This Committee is responsible for the redressal of shareholder grievances. The Investor Grievance cum Share Transfer Committee consists of the following members:

Sl. No.	Name of Director	Designation	Executive/ Independent
1	Vishal Agarwal	Chairman	Independent Director
2	Deepak Narottamdas Kanabar	Member	Independent Director
3	Arvind Kajaria	Member	Managing Director

The terms of reference of the Investor Grievance Committee are as follows:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;
2. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee; and

The Company Secretary of our Company acts as the secretary to the Committee

#### ***IPO Committee***

The IPO Committee was constituted in the EGM held on October 15, 2009. This committee is responsible for the matters related to the IPO. The IPO Committee consists of the following members:

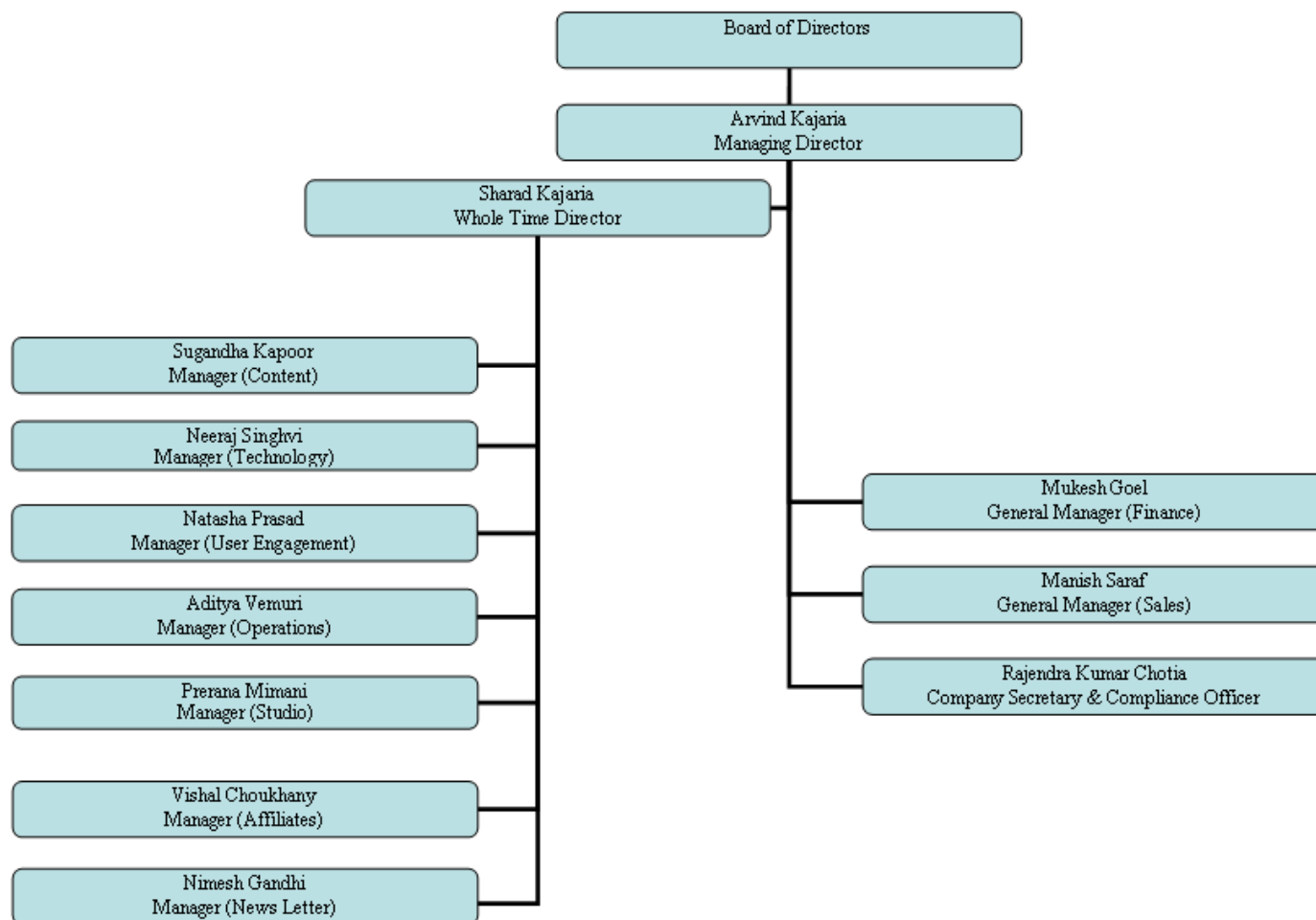
Sl. No.	Name of Director	Designation	Executive/ Independent
1	Arvind Kajaria	Chairman	Managing Director
2	Sharad Kajaria	Member	Whole time Director
3	Deepak Narottamdas Kanabar	Member	Independent Director
4	Vishal Agarwal	Member	Independent Director
5	Rupinder Singh	Member	Independent Director

#### **Borrowing powers of the Board**

Our Articles, subject to the provisions of the Companies Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Members, have pursuant to a resolution passed at the EGM dated October 15, 2009 authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding Rs. 10,000 Lakhs at any time over and above the aggregate, for the time being, of the paid up share capital and free reserves of our Company.



### Managerial Organizational Structure



## Key Managerial Personnel

In addition to Arvind Kajaria and Sharad Kajaria, the details regarding our Key Managerial Personnel are as follows:

**Mukesh Goel**, 42 years, is the General Manager (Finance) of our Company. He completed his Bachelors Degree in Commerce from Maharshi Dayanand University. Prior to joining our Company, he worked with Select Steel Limited and with Cielo Securities Limited as an accounts executive. He has an experience of 18 years in managing finance and accounts functions. He joined our Company on April 1, 1997. His current responsibilities in our Company include overseeing the accounts, finance, taxation and administration. The remuneration paid to him for Fiscal 2009 was Rs. 17.06 Lakhs.

**Manish Saraf**, 33 years, is the General Manager (Sales) of our Company. He completed his Bachelors Degree in Commerce from Calcutta University. He has qualified as a Chartered Accountant from the Institute of Chartered Accountants of India. Prior to joining our Company, he worked with One Two Three India.com Limited as finance manager and senior manager. He has an experience of over eight years in the fields of sales and finance. He joined our Company on September 1, 2007. His current responsibilities in our Company include online advertising sales and sales operations. The remuneration paid to him for Fiscal 2009 was Rs. 14.67 Lakhs.

**Rajendra Kumar Chotia**, 38 years, is the Company Secretary and Compliance Officer of our Company. He completed his Bachelors Degree in Commerce from Calcutta University. He qualified as a cost accountant from the Institute of Cost and Works Accountants of India and as company secretary from the Institute of Company Secretaries of India. Prior to joining our Company, he worked with Sanjay International as a commercial manager. He worked with Roadways India Limited as the deputy company secretary. He worked with Sreechem Resins Limited as the Company Secretary and Finance Manager. He has also practiced independently as a company secretary. He worked with SREI Capital Markets Limited as a senior manager. He worked with Anand Rathi Financial Services Limited as Assistant Vice President. He has an experience of 16 years in the fields of taxation, finance and compliance. He joined our Company on June 17, 2009. His current responsibilities in our Company include secretarial and legal compliances. The remuneration paid to him for Fiscal 2010 till September 30, 2009 was Rs. 2.47 Lakhs.

**Sugandha Kapoor**, 46 years, is the Content Manager of our Company. She completed her Bachelors and Master Degree in Commerce from Calcutta University. Prior to joining our Company, she worked with Pavi and Survin Group of companies as sales executive, chief accounts officer and senior executive. She worked with Web Edge Info Systems Private Limited as an executive system analyst. She worked with Derek O'Brien & Associates Limited as a relationship manager. She worked with Genesis Fintec Limited as a research associate. She worked with Emaar MGF as deputy manager for administration procurement. She has an experience of 26 years in the fields of administration and management. She joined our Company on June 1, 2009. Her current responsibilities in our Company include content development catering to the United States and global markets. The remuneration paid to her for Fiscal 2010 till September 30, 2009 was Rs. 3.76 Lakhs.

**Aditya Vemuri**, 32 years, is the Operations Manager of our Company. He completed his Bachelors degree in Hotel Management from American University of Hawaii in 2000. Prior to joining our Company, he worked with Crowne Plaza Surya, New Delhi as a senior steward. He worked with Taj Palace, New Delhi as captain for banquet operations. He worked with Jaypee Greens Golf Resort, New Delhi as an assistant manager. He worked with E-Boookers UK as a quality control executive. He worked with HSBC Electronic Data Processing India Private Limited. He worked with E-Nxt Financial Limited from May 2008 to August 2009. He has an experience of eight years in various verticals. He joined our Company on August 22, 2009. His current responsibilities in our Company include performance tuning and process monitoring. The remuneration paid to him for Fiscal 2010 till September 30, 2009 was Rs. 1.15 Lakhs.

**Neeraj Singhvi**, 39 years, is the Manager-Technology of our Company. He completed his Bachelors degree in commerce from Calcutta University and his post graduate diploma in marketing from Indian Institute of Planning and Management, New Delhi in 1995. He became an Associate Member of The Institute of Cost and Works Accountants of India in 1999. Prior to joining our Company, he worked with Coventry Springs and Engineering Company Private Limited as an accounts assistant. He worked

with Panagarh Marketing Limited (Lehar Pepsi) as a marketing assistant. He worked with Birla Corporation Limited as an assistant marketing manager. He worked with Cheviot Company Limited as a corporate manager. He worked with C.G. Foods (Nepal) Private Limited as deputy general manager for exports. He worked with Sumi Foods as general manager for marketing. He was with D Sugar Spices and Food Products Private Limited as director marketing. He promoted Q-Sorts India, a self owned company engaged in export marketing consultancy. He has an experience of 17 years in the packaging and marketing industry. He joined our Company on June 1, 2009. His current responsibilities in our Company include maintaining best practices for development, production, channelization, standardization and optimization for technology and web engineering departments. The remuneration paid to him for Fiscal 2010 till September 30, 2009 was Rs. 3.18 Lakhs.

**Vishal Choukhany**, 34 years, is the Manager (Affiliates) of our Company. He completed his Bachelors degree in commerce from Jaipur University. Prior to joining our Company, he was Partner in managing the manufacture and processing activities at Ghograjan Tea Estate, Assam and the management of the construction of Yash Towers, Jaipur. He has an experience of 10 years in the Tea industry. He joined our Company on March 2, 2009. His current responsibilities in our Company include managing the affiliate system and team. Since he joined our Company during Fiscal 2009, only part of his remuneration for Fiscal 2009 was paid. The remuneration paid to him for Fiscal 2010 till September 30, 2009 was Rs. 5.14 Lakhs.

**Natasha Prasad**, 42 years, is the User Engagement Manager of our Company. She completed her Bachelor of Arts degree in Psychology from Isabella Thoburn College in 1982. Prior to joining our Company, she worked with the Taj Man Singh Hotel, New Delhi as front office assistant and guest relation executive. She worked with Goodricke Group Limited as a public relations manager. She worked with Kanco Enterprise Limited as a public relations manager. She worked with Australian Unified Pathway Program as a trainer. She worked with Trounce from 2009 as an executive director. She has an experience of 20 years in the hospitality industry. She joined our Company on July 20, 2009. Her current responsibilities in our Company include optimizing the engine website functionality by analysing the statistical data and customer patterns. The remuneration paid to her for Fiscal 2010 till September 30, 2009 was Rs. 1.38 Lakhs.

**Prerana Mimani**, 32 years, is Manager (Studio) of our Company. She completed her Bachelors degree in commerce from Calcutta University. She completed her diploma in sales marketing management from Birla Institute of Liberal Arts Management Sciences. Prior to joining our Company, she worked with Amadeus India as senior executive and manager. She worked with Bengal Shrachi Housing Development Limited as general manager of branding and special projects. She joined our Company on August 17, 2009. She has an experience of eight years in the branding and marketing industry. Her current responsibilities in our Company include developing new platforms for customers. The remuneration has been paid to her for Fiscal 2010 till September 30, 2009 was Rs. 1.11 Lakhs.

**Nimesh Gandhi** 34 years is the Manager (Newsletters) of our Company. He has completed his Bachelors degree in Commerce from Calcutta University. He completed his Management in Business Administration in marketing and human resources from Sikkim Manipal University. Prior to joining our Company he worked with Swaminarayan Industries, Makupa Chemists Limited, Apex Comsoft India Private Limited which is a SAGE United Kingdom subsidiary, Cogentech Management Consultants Private Limited, RS Software (India) Limited. He worked with Interra Information Technologies (I) Private Limited as a deputy manager. He joined our Company on September 14, 2009. He has an experience of 12 years in various business development and onsite and offsite recruitment. His current responsibilities in our Company include editing and managing the newsletters. The remuneration has been paid to him for Fiscal 2010 till September 30, 2009 was Rs. 0.43 Lakhs.

All our Key Managerial Personnel are permanent employees of our Company and none of our Key Managerial Personnel are related to each other.

The Key Managerial Personnel have not been selected as a director, managerial personnel and member of senior management under any arrangement or understanding with major shareholders, customers, suppliers or others.

#### **Shareholding of the Key Managerial Personnel**

None of the Key Managerial Personnel hold any Equity Shares in our Company as of the date of filing this Draft Red Herring Prospectus.

#### **Bonus or profit sharing plan of the Key Managerial Personnel**

There is no bonus or profit sharing plan for our Key Managerial Personnel other than the terms and conditions stated in the employment agreements.

#### **Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

#### **Changes in the Key Managerial Personnel**

The changes in our Key Managerial Personnel in the last three years are as follows:

<b>Name of the Key Managerial Person</b>	<b>Date of Joining</b>	<b>Date of Leaving</b>	<b>Reason for change</b>
Giriraj Ratan Kothari	July 17, 2006	April 27, 2007	Resigned
G. Jai Shankar	March 8, 2007	November 3, 2007	Resigned
Arvind Murakra	June 1, 2007	January 15, 2008	Resigned
Vikas Gadhoke	July 12, 2007	February 7, 2008	Resigned
Sumit Jain	July 18, 2007	January 9, 2007	Resigned
Jeanne Heydecker	July 26, 2007	June 14, 2008	Resigned
Arup Sinha	August 20, 2007	October 13, 2007	Resigned
Rakesh Chandra Nayar	August 30, 2007	October 31, 2007	Resigned
Harshwardhan Gijre	September 1, 2007	May 20, 2008	Resigned
Manish Saraf	September 1, 2007	-	Appointed
S. Srinivasan	October 3, 2007	January 14, 2008	Resigned
Vishal Choukhany	March 2, 2009	-	Appointed
Rahul Bhatner	April 27, 2009	August 8, 2009	Resigned
Sugandha Kapoor	June 1, 2009	-	Appointed
Neeraj Singhvi	June 1, 2009	-	Appointed
Rajendra Kumar Chotia	June 17, 2009	-	Appointed
Bishnupriya Rajoria	July 2, 2009	September 9, 2009	Resigned
Natasha Prasad	July 20, 2009	-	Appointed
Prerana Mimani	August 17, 2009	-	Appointed
Aditya Vemuri	August 22, 2009	-	Appointed
Nimesh Gandhi	September 14, 2009	-	Appointed

## OUR PROMOTERS

Our Promoters are Arvind Kajaria and Sharad Kajaria

The details of our Promoters are as follows:



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**Arvind Kajaria**, aged 45 years, is the Managing Director in our Company. For further details, see “Our Management” on page 80.

His voter’s ID number is HZG3795846.

His driving license number is WB-011998582543.



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**Sharad Kajaria**, aged 33 years, is a Whole time Director of our Company. For further details, see “Our Management” on page 80.

His voter’s ID number is HZG3795895.

His driving license number is WB-01200489326.

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Both our Promoters reside at 15B/1A, Raja Santosh Road, Alipore, Kolkata, India.

We undertake that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with them.

### Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company, their shareholding in our Company and to the extent of them being Directors of our Company and our Subsidiaries. Our Promoters may also be deemed to be interested to the extent of any dividend payable to them and other benefits arising out of the ownership of the said Equity Shares. Arvind Kajaria and Sharad Kajaria are entitled to receive compensation and reimbursement of expenses as Managing Director and Whole time Director respectively. For further interest of our Promoters as Directors, see “Our Management - Interests of Directors” on page 83.

Further, our Promoters are also members of Intrasoftware Animations Private Limited, an entity which forms part of our Group Companies and may be deemed to be interested to the extent of the payments made by our Company, if any, to its Group Company.

### Payment of benefits to our Promoters during the last two years

Except as disclosed in “Our Management” and “Financial Information- Related Party Transactions” on pages 80, 112 and 140, there has been no payment of benefits to our Promoters and Promoter Group during the last two years from the date of filing of this Draft Red Herring Prospectus.

### Related Party Transactions

For details of the related party transactions, see “Financial Information- Related Party Transactions” on page 112 and 140.

#### **Other Confirmations**

Further, our Promoters have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of the Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

#### **Litigation**

For details of relating to the legal proceeding involving the Promoters see “Outstanding Litigation and Material Developments” on page 198.

## GROUP COMPANIES

### Group Companies

The entities that form part of the Group Companies are the HUFs, Trust and Intrasoft Animations Private Limited

#### *I. Corporate Entities*

##### *Intrasoft Animations Private Limited*

Intrasoft Animations Private Limited is a company registered under the Companies Act. It was incorporated on October 6, 2005. Intrasoft Animations Private Limited has its registered office at 5, Dr. Satyanand Roy Road, Kolkata 700 029, India and has a paid up share capital of Rs. 10 Lakhs. The company is permitted to carry on the business to manufacture, buy, sell, import, export, publish trade in, broadcast, maintain, develop and improve all types of electronic hardware, software, devices, equipment, appliances extranets and other IP-enabled technologies and machine services for solving or aiding commerce industry, scientific and research problems and for all related business. Our Company has entered into a non-compete agreement dated September 15, 2009 with Intrasoft Animations Private Limited.

Our Promoter, Arvind Kajaria holds 50% of the share capital of Intrasoft Animations Private Limited.

None of the equity shares of Intrasoft Animations Private Limited are listed on any stock exchange and it has not made any public or rights issue of the securities in the preceding three years.

##### *Financial Performance*

The audited financial result of Intrasoft Animations Private Limited for Fiscals 2009, 2008, 2007 are set forth.

	<i>Rs. in Lakhs</i>		
	<b>Fiscal Year ended March 31, 2009</b>	<b>Fiscal Year ended March 31, 2008</b>	<b>Fiscal year ended March 31, 2007</b>
Reserves and Surplus	(3.11)	(3.09)	(2.90)
Equity capital (par value Rs. 10)	10.00	10.00	10.00
Book Value per share (Rs.)	6.89	6.91	7.10

#### *II. Trusts*

##### *Intrasoft Beneficiary Trust*

The Intrasoft Beneficiary Trust (“**Trust**”) was formed in order to give effect to the orders passed by the High Court of Bombay dated May 4, 2007 and the High Court of Calcutta dated June 20, 2007 under the scheme of amalgamation. The Trust was formed on October 24, 2007. Our Company is the founder of the Trust. Arvind Kajaria and Sharad Kajaria are the trustees of the Trust. The trustees hold 17,50,000 Equity Shares each for the benefit of our Company. For the terms of the Trust, see “History and Corporate Structure” on page 74.

#### *III. Hindu Undivided Family*

Arvind Kajaria and others (HUF) is a Hindu Undivided Family represented by Arvind Kajaria as its Karta. The Arvind Kajaria and others (HUF) has been constituted on February 20, 1992. The members of the Arvind Kajaria and others (HUF) are Arvind Kajaria, Karuna Kajaria, Nitya Kajaria and Amritanshu Kajaria.

The financials of the Arvind Kajaria (HUF) for Fiscals 2009, 2008, 2007 are set forth:

	<i>Rs. in Lakhs</i>		
	<b>Fiscal Year ended March 31, 2009</b>	<b>Fiscal Year ended March 31, 2008</b>	<b>Fiscal Year ended March 31, 2007</b>

Income	3.04	2.39	5.11
Expenses	1.83	6.30	1.47
Surplus/(Deficit)	1.21	(3.91)	3.64

Sharad Kajaria and others (HUF) is a Hindu Undivided Family represented by Sharad Kajaria as its Karta created by Padma Kajaria through a deed of settlement dated August 21, 2006. Padma Kajaria gifted Rs. 25,000 to the Sharad Kajaria and others (HUF). The Sharad Kajaria and others HUF has been constituted on August 21, 2006. The members of the Sharad Kajaria and others (HUF) are Sharad Kajaria, Vishaka Kajaria and Advay Kajaria. The Sharad Kajaria and others (HUF) has not prepared financial statements for Fiscal 2007.

The financials of the Sharad Kajaria and others (HUF) for Fiscals 2009 and 2008 are set forth:

	<i>Rs. in Lakhs</i>	
	<b>Fiscal Year ended March 31, 2009</b>	<b>Fiscal Year ended March 31, 2008</b>
Income	2.48	1.11
Expenses	0.00	0.00
Surplus/(Deficit)	2.47	1.11

### **Other Confirmations**

For details of contingent liabilities of our Company and our Subsidiaries, please refer to the financial statements of our Company and our Subsidiaries on page 108.

Further, our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of the Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the RoC for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

### **Litigation**

For details of relating to the legal proceeding involving the Group Companies, see “Outstanding Litigation and Material Developments” on page 198.

### **Common Pursuits**

Except as stated below, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by our Company or any member of the Group Companies.

We have entered into a non-compete agreement dated September 15, 2009 with Intrasoft Animations Private Limited whereby Intrasoft Animations Private Limited have undertaken not to compete with the business of our Company or to interfere with our agreements and arrangements with our clients, suppliers, consultants, agents and employees.

### **Companies with which the Promoters have disassociated in the last three years**

The Promoters have not disassociated with any companies in the last three years.



## **RELATED PARTY TRANSACTIONS**

For Related Party Transactions, see “Financial Information” on pages 112 & 140.

## DIVIDEND POLICY

The declaration and payments of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

Following are the details of the dividend paid and declared by our Company:

*Rs. in Lakhs*

Particulars	For the year ended				
	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Equity Dividend</b>					
Equity Share Capital	132.01	132.01	131.91	100.00	100.00
Rate of Dividend	-	-	25%	80%	75%
Amount of Dividend	-	-	32.98	80.00	75.00
<b>Preference Dividend</b>					
Preference Share Capital	1,962.02	1,962.02	-	-	-
Rate of Dividend	-	-	-	-	-
Amount of Dividend	-	-	-	-	-
<b>Tax on Dividend</b>	-	-	<b>4.86</b>	<b>11.22</b>	<b>9.95</b>

The amounts paid as dividends in the past are not in any manner indicative of our dividend policy or dividends, if any, that may be declared or paid in the future.

**SECTION V: FINANCIAL INFORMATION**  
**CONSOLIDATED FINANCIAL INFORMATION**

**Auditor's Report**

To  
The Board of Directors,  
IntraSoft Technologies Limited  
145, Rash Behari Avenue, Kolkata -700 029

Dear Sirs,

We have examined the attached Restated consolidated financial information of IntraSoft Technologies Limited, ('the Company') and its subsidiaries for the quarter ended June 30, 2009 and for the five financial years ended 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005. The consolidated financial information is prepared from the financial statements for the quarter ended June 30, 2009 and for the years ended 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005, being the last date to which the accounts of the Company have been made up and audited, and the same has been approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares of the Company (referred to as 'the Issue'), which is in accordance with

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') 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
- (iii) Our terms of reference with the Company Letter dated 24<sup>th</sup> July, 2009 requesting us to carry out work in connection with the Offer Document as aforesaid.

We have not audited the financial statement of the foreign subsidiaries. The audited financial statements of the foreign subsidiaries for the quarter ended June 30, 2009 and for the financial year ended 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005 along with their audit report and information and explanations given to us which we consider is appropriate has been considered in the consolidated financial information.

**Financial Information as per audited financial statements:**

1. We report that the consolidated restated summary of assets and liabilities of the Company and its subsidiaries of June 30, 2009 and as at 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005 examined by us are as set out in Annexure A to this report after making such adjustments/ restatements as shown in Annexure B (1) and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
2. We report that the consolidated restated summary of profits of the Company and its subsidiaries for the quarter ended June 30, 2009 and for the year ended 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005 examined by us are as are as set out in Annexure B to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate in the years to which they relates as shown in Annexure B(1) and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
3. There were no qualifications or extra-ordinary items or material amount relating to prior period that need to be disclosed or adjusted separately in the summary statements.

**Other Financial Information:**

4. We have examined the other following consolidated financial information set out in the below mentioned Annexure approved by the Board of Director relating to the Company and its subsidiaries for the quarter ended June 30, 2009 and for the year ended 31<sup>st</sup> March, 2009, 2008, 2007, 2006 & 2005 proposed to be included in the Offer Document, as approved by you and annexed to this report:

<b>Annexures</b>
Annexure A: Summary of Restated Assets & Liabilities
Annexure B: Summary of Restated Profit & Loss Account
Annexure B (1): Notes on Adjustments made in Restated Consolidated Financial Statements
Annexure C: Cash Flow Statement
Annexure D: Significant Accounting Policies and Notes to Accounts
Annexure E: Statement of Contingent Liabilities
Annexure F: Statement of Dividend Declared
Annexure G: Details of Related Party Transactions for the year ended
Annexure H: Details of Other Income
Annexure I: Summary of Accounting Ratios
Annexure J: Statement of Secured Loans
Annexure K: Statement of Unsecured Loans
Annexure L: Schedule for Current Liabilities & Provisions
Annexure M: Statement of Debtors
Annexure N: Details of Other Current Assets
Annexure O: Details of Loans & Advances
Annexure P: Details of Investments
Annexure Q: Capitalization Statement
Annexure R: Segmental Reporting

5. In our opinion the financial information of the company attached to this report as mentioned in paragraph 2, 3, & 4 above read with significant accounting policies and notes on accounts as given in Annexure D and after making rounding off figures in Lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the Regulations issued by SEBI.
6. This report should not in any way be constructed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
7. This report is intended solely for your information and for inclusion in the Offer Document; filing with the Registrar of Companies and other relevant statutory authorities in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
*Partner*  
Membership No.: 50819

Consolidated Statement of Assets and Laibilities, As Restated						Annexure A (Rupees in Lakhs)
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	As at March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	631.99	617.82	634.58	779.11	731.47	390.10
Less: Accumulated Depreciation	436.68	425.12	386.94	397.70	324.08	240.99
Net block	195.31	192.70	247.63	381.41	407.39	149.11
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of revaluation reserve	195.31	192.70	247.63	381.41	407.39	149.11
Capital Work in progress including capital advances	-	-	-	-	-	-
<b>Total</b>	<b>195.31</b>	<b>192.70</b>	<b>247.63</b>	<b>381.41</b>	<b>407.39</b>	<b>149.11</b>
<b>B. Intangible Assets</b>						
Gross Block	425.85	425.75	124.04	123.93	101.41	101.41
Less: Amortization	170.11	141.36	110.80	101.92	101.40	101.37
Net Block	255.74	284.39	13.24	22.01	0.01	0.04
Capital Work in progress including capital advances	1,108.09	1,042.32	764.94	342.78	-	-
<b>Total</b>	<b>1,363.83</b>	<b>1,326.70</b>	<b>778.18</b>	<b>364.79</b>	<b>0.01</b>	<b>0.04</b>
<b>C. Investments</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>91.90</b>
<b>D. Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	471.12	506.53	419.47	257.71	100.07	168.91
Cash & Bank Balances	1,866.39	1,874.92	2,012.72	214.34	299.82	275.20
Other Current Assets	32.50	32.46	32.62	9.74	0.46	0.48
Loans & Advances	313.05	305.91	135.83	97.42	35.82	42.11
<b>Total</b>	<b>2,683.06</b>	<b>2,719.82</b>	<b>2,600.63</b>	<b>579.21</b>	<b>436.17</b>	<b>486.70</b>
<b>F. Liabilities &amp; Provisions</b>						

Current Liabilities & Provisions	366.53	418.48	172.61	226.98	62.33	69.97
Share application money	-	-	-	-	-	-
Secured Loan	197.81	201.79	-	1.52	7.65	8.98
Unsecured Loan	40.61	-	15.00	-	-	-
<b>Total</b>	<b>604.95</b>	<b>620.26</b>	<b>187.61</b>	<b>228.50</b>	<b>69.98</b>	<b>78.95</b>
<b>G. Deferred Tax Liability</b>	<b>21.97</b>	<b>20.67</b>	<b>5.24</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>
<b>H. Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33.05</b>	<b>32.79</b>
<b>I. Net Worth (A+B+C+D+E-F-G-H)</b>	<b>3,715.28</b>	<b>3,698.28</b>	<b>3,533.60</b>	<b>1,169.13</b>	<b>710.93</b>	<b>606.79</b>
<b>Net Worth represented by:</b>						
<b>J. Equity Share Capital</b>	<b>132.01</b>	<b>132.01</b>	<b>132.01</b>	<b>131.91</b>	<b>100.00</b>	<b>100.00</b>
<b>K. Preference Share Capital</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L. Reserves and Surplus</b>						
Share Premium	30.35	30.35	30.35	22.78	1,752.56	1,752.56
Debenture Redemption Reserve	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Profit and Loss Account	689.43	603.20	745.36	344.28	(1,688.87)	(1,636.81)
Any other reserve (other than Revaluation Reserve)	1,362.00	1,367.55	673.77	670.40	547.24	391.04
<b>Total</b>	<b>2,081.78</b>	<b>2,001.11</b>	<b>1,449.49</b>	<b>1,037.46</b>	<b>610.93</b>	<b>506.79</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	<b>460.53</b>	<b>396.86</b>	<b>9.92</b>	<b>0.25</b>	<b>-</b>	<b>-</b>
<b>M. Net Worth (J+K+L)</b>	<b>3,715.28</b>	<b>3,698.28</b>	<b>3,533.60</b>	<b>1,169.13</b>	<b>710.93</b>	<b>606.79</b>
Refer Annexure B1 - Notes on Adjustments in Restated Financials						
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Statement of Profit and Losses, As Restated						
Particulars	Period Ended	Year ended				
		Annexure B (Rupees in Lakhs)				
		June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
<b>I. Income</b>						
Operating Income	392.02	2,138.82	1,963.62	1,714.53	1,626.73	1,483.34
Other Income	48.23	196.32	54.25	13.15	14.23	10.26
<b>Total-A</b>	<b>440.25</b>	<b>2,335.15</b>	<b>2,017.86</b>	<b>1,727.68</b>	<b>1,640.95</b>	<b>1,493.60</b>
<b>II. Expenditure</b>						
Operating Expenses	67.52	236.63	198.44	255.74	305.82	371.49
Administration & Other Expenses	140.64	996.39	764.40	521.75	636.70	528.75
Employee Remuneration & benefits	67.31	343.28	520.38	434.74	397.69	321.91
Finance Charges	6.40	6.46	9.11	0.21	0.59	0.68
Depreciation	42.01	98.41	136.29	144.57	87.20	43.00
Amortization of Deffered Revenue Expenediture	28.33	99.80	2.45	0.03	-	0.02
<b>Total-B</b>	<b>352.21</b>	<b>1,780.97</b>	<b>1,631.07</b>	<b>1,357.04</b>	<b>1,428.00</b>	<b>1,265.85</b>
<b>III. Profit before taxation (A-B)</b>	<b>88.04</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>
<b>Extra Ordinary Items</b>	-	-	-	-	-	-
<b>IV. Profit before taxation and after Extra Ordinary items</b>	<b>88.04</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>
Less: Provision for taxation						
-Current	14.94	63.88	49.01	42.43	0.66	1.45
-Deferred	1.29	15.44	(18.83)	(1.84)	20.40	6.73
-Fringe benefit tax	-	3.34	3.62	2.35	2.66	-
-MAT Credit Entitlement	(14.42)	(61.31)	(89.01)	-	-	-
<b>V. Profit After Taxation and Extra Ordinary Items as per audited statement of accounts (C)</b>	<b>86.23</b>	<b>532.82</b>	<b>442.00</b>	<b>327.71</b>	<b>189.22</b>	<b>219.56</b>
<b>Less: Minority Interest</b>	-	-	-	-	<b>0.25</b>	<b>6.09</b>
<b>VI. Profit After Taxation &amp; Minority Interest as per audited statement of accounts (D)</b>	<b>86.23</b>	<b>532.82</b>	<b>442.00</b>	<b>327.71</b>	<b>188.97</b>	<b>213.48</b>

Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	40.92	(40.73)	(0.19)	-
Tax impact on adjustments	-	-	-	-	-	-
<b>Total adjustments net of tax impact (E)</b>	<b>-</b>	<b>-</b>	<b>40.92</b>	<b>(40.73)</b>	<b>(0.19)</b>	<b>-</b>
<b>VII. Adjusted profit/(loss)(D+E)</b>	<b>86.23</b>	<b>532.82</b>	<b>401.08</b>	<b>368.44</b>	<b>189.17</b>	<b>213.48</b>
Surplus/(Deficit) brought forward from the Previous year (*)	603.20	745.36	344.28	45.90	(1,636.81)	(1,690.34)
<b>VIII. Profit available for appropriation</b>	<b>689.43</b>	<b>1,278.19</b>	<b>745.36</b>	<b>414.35</b>	<b>(1,447.65)</b>	<b>(1,476.87)</b>
Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-
Transfer to General Reserve	-	674.98	-	32.22	150.00	75.00
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Preference dividend	-	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	32.98	80.00	75.00
Tax on dividend	-	-	-	4.86	11.22	9.95
Issue of Bonus shares	-	-	-	-	-	-
<b>IX. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>689.43</b>	<b>603.20</b>	<b>745.36</b>	<b>344.28</b>	<b>(1,688.87)</b>	<b>(1,636.81)</b>
<b>Note: (*) Difference in brought forward balances as on 01.04.2006 is due to Amalgamation of a Subsidiary - One Two Three India.com Ltd. with the Parent Company - IntraSoft Technologies Limited w.e.f. 01.04.2006</b>						
Refer Annexure B1 - Notes on Adjustments in Restated Financials						
Place : Kolkata						
Date : 19 OCT 2009						



**Notes on Adjustments made in Restated Consolidated Financial Statements**

1) **Material Regrouping:**

- a) Financial Statements which were elaborative are summarized and regrouped in the restated summary statement for better investors prospective.
- b) The company has started to recognize its MAT credit entitlement in its financial statement from the year ended 31<sup>st</sup> March 2008. MAT credit entitlement of Rs 89,00,897/- includes Rs 40,73,010/- and Rs 19,448/- relating to the financial statement ended on 31<sup>st</sup> March 2007 & 31<sup>st</sup> March 2006 respectively.

2) **Changes in Accounting Policies:**

- a) The company has adopted the AS -15 (revised) "Employee Benefit w.e.f. 1<sup>st</sup> April 2007. According to this new accounting policy the gratuity liabilities of the employees has been determined on the principle of Actuarial Valuation principle. Earlier the gratuity liability has been determined on accrual basis.
- b) Leave pay due to employee before 1<sup>st</sup> April 2007 had been either availed or encashed by the employees. However from 1<sup>st</sup> April 2007 onwards the employees are entitled to carry forward their due leave to the extent of permitted policy of the company and company had started to recognize its liability of unavailed leave in their financial statement for the year ended 31<sup>st</sup> March 2008.

Place: Kolkata  
Date: 19 OCT 2009

For K N Gutgutia & Co.  
Chartered Accountants

K C SHARMA  
*Partner*  
Membership No.: 50819

Consolidated Statement of Cash Flows, from the Restated Financial Statements							Annexure C (Rupees in Lakhs)
Particulars	Period Ended June 30, 2009	March 31, 2009	March 31, 2008	Year ended March 31, 2007	March 31, 2006	March 31, 2005	
A. CASH FLOW FROM OPERATING ACTIVITIES							
Net Profit before taxation and extraordinary items:	88.04	554.17	386.79	370.65	212.96	227.75	
Adjustments for:							
Depreciation	42.01	98.41	136.29	144.57	87.20	43.00	
Amortization of Deffered Revenue Expensiture	28.33	99.80	2.45	0.03	-	0.02	
Foreign exchange loss	-	-	-	-	-	-	
Loss on sale of fixed assets (net)	-	8.86	46.32	3.56	-	-	
Loss on sale of investments (net)	-	-	-	-	(2.13)	-	
Provision for diminution in value of investments	-	-	-	-	-	-	
Miscellaneous Income	-	-	(1.88)	-	-	-	
Provisions no longer required, written back	-	-	-	0.02	-	-	
Dividend Received	-	-	(6.25)	-	-	-	
Gain on exchange fluctuation	(6.86)	16.68	10.58	(3.89)	6.12	(6.05)	
Finance charges	6.40	6.46	9.11	0.21	0.59	0.68	
Interest Received	(48.23)	(150.24)	(46.11)	(13.15)	(11.59)	(7.73)	
Provision for doubtful advance	-	-	-	-	-	-	
Fixed assets written off	-	-	-	-	-	-	
Cash generated from operations before Working Capital Changes	109.70	634.14	537.30	502.00	293.14	257.67	
Adjustments for:							
Changes in Trade and Other Receivables	26.47	(87.07)	(161.76)	(157.64)	68.84	32.23	
Changes in Trade Payables	(42.48)	245.35	(51.16)	176.22	6.42	(4.90)	
Changes in Advance and Deposits	10.69	(89.11)	14.49	(26.41)	9.66	(14.59)	
Cash generated from/(used in) Operations	104.38	703.31	338.87	494.17	378.06	270.41	
Taxes paid (net)	(17.16)	(86.36)	(59.51)	(38.59)	(3.66)	4.63	
Net Cash Flow from /(used in) Operating Activities	87.22	616.95	279.36	455.58	374.41	275.04	

<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	(16.38)	(327.07)	(58.10)	(144.40)	(346.33)	(93.85)
Sale of Fixed Assets	-	5.71	17.20	0.20	0.95	0.12
(Purchase)/Sale of Investments (net)	-	-	-	-	91.90	(19.99)
Profit on Sale of Investments	-	-	-	-	2.13	-
Change in Capital Work in Progress	(65.78)	(277.38)	(422.16)	(342.78)	-	11.75
Change in Deferred Revenue Expenses	(92.00)	(486.74)	-	(0.28)	-	-
Interest Received	48.19	150.40	23.23	3.85	11.61	7.39
Dividend Received	-	-	6.25	-	-	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>(125.97)</b>	<b>(935.08)</b>	<b>(433.58)</b>	<b>(483.41)</b>	<b>(239.74)</b>	<b>(94.58)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	-	-	1,969.69	-	-	-
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	(3.98)	201.79	(1.52)	(6.13)	(1.33)	(0.51)
Proceeds in Unsecured Loan	40.61	(15.00)	15.00	-	-	-
Share Issue Expenses	-	-	(12.12)	-	-	-
Finance Charges Paid	(6.40)	(6.46)	(9.11)	(0.21)	(0.59)	(0.68)
Dividend Paid (including dividend distribution tax)	-	-	(9.33)	(51.31)	(108.13)	(67.79)
<b>Net Cash from / (used in) Financing Activities</b>	<b>30.22</b>	<b>180.32</b>	<b>1,952.60</b>	<b>(57.65)</b>	<b>(110.05)</b>	<b>(68.99)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>(8.53)</b>	<b>(137.80)</b>	<b>1,798.38</b>	<b>(85.47)</b>	<b>24.62</b>	<b>111.47</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,874.92</b>	<b>2,012.72</b>	<b>214.34</b>	<b>299.82</b>	<b>275.20</b>	<b>163.73</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,866.39</b>	<b>1,874.92</b>	<b>2,012.72</b>	<b>214.34</b>	<b>299.82</b>	<b>275.20</b>
Components of cash and cash equivalent						
- Cash and cheques on hand	0.11	0.08	1.82	1.86	2.19	2.64
- With banks	116.28	124.84	100.90	82.48	76.30	67.06
- On current account						
- On deposit account restricted	-	-	-	-	-	-
- On deposit account unrestricted	1,750.00	1,750.00	1,910.00	130.00	221.33	205.50

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

**A. Basis Of Consolidation And Significant Accounting Policies**

The consolidated financial statements relates to the parent company IntraSoft Technologies Ltd. (“Parent”) and its three wholly owned subsidiary companies, (a) 123 Greetings.com., Inc. incorporated in U.S.A, (b) One Two Three Greetings (India) Pvt. Ltd., incorporated in India, (c) 123 Greetings (Singapore) Pte. Ltd. incorporated in Singapore.

**1. Basis Of Accounting And Principals Of Consolidation**

- i. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date of the parent Company i.e. 30<sup>th</sup> June, 2009
- ii. The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.
- iii. The financial statements of the parent and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

**2. Fixed Assets:**

Fixed Assets are stated at their original cost including other expenses related to acquisition and installation.

Expenses incurred towards cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

**3. Depreciation:**

Depreciation is charged in the accounts on the following basis:

- i. Depreciation on fixed assets is provided on written down value method except the fixed assets of 123Greetings.Com, Inc. Rs.0.80 Lakhs which is applied on the straight-line method basis on useful lives of assets as estimated by the Management.
- ii. Depreciation on assets added / disposed off during the year are provided on pro-rata basis

**4. Investments:**

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition.

**5. Recognition Of Income And Expenditure:**

Items of Income and expenditure are accounted for on accrual basis.

**6. Foreign Currency Transactions:**

- i. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii. Monetary current assets and monetary current liabilities (other than those converted by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account. The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus".

**7. Employees Benefits:**

- i. The Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue.
- ii. Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year.
- iii. Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year.

**8. Taxation:**

Provision for Income Tax is made on taxable income for the year at current rates. Current tax represents the amount of Income tax payable in respect of taxable income for the year. Deferred tax represents the effect of timing difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent if there is a reasonable certainty that the assets will be realized in future. However where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty with supporting evidences of realization of the assets.

**9. Provisions, Contingent Liabilities, and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

#### 10. Use of Estimates:

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures related to contingent liabilities and assets as at the balance sheet date and the reported amount of income and expenses during the year.

Actual results could differ from those estimates.

#### 11. Impairment Of Assets:

All assets other than, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount, the impairment are recognized and the assets are written down to the recoverable amount.

#### 12. Miscellaneous Expenditure:

The Expenditure having the impact on the workings of the company in subsequent years or benefit of which shall continue in one or more subsequent years is recognised as Miscellaneous Expenditure. Such Expenditure is written off in equal installment in five years starting from the year in which they have been incurred.

### A. Notes on Accounts

#### 1. Contingent Liabilities:

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	(Rupees in Lakhs)		
				31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Bank Guarantee Outstanding	1.25	1.25	1.25	1.25	1.25	1.25
<b>Total</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

#### 2. Deferred Tax:

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	(Rupees in Lakhs)		
				31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
<b>a. Deferred Tax Liability</b>						
Timing difference for depreciation on Fixed Assets	29.31	29.45	12.05	30.13	31.83	9.21
<b>b. Deferred Tax Assets</b>						
Expenses allowable U/S 43B	(7.44)	(8.88)	(6.85)	(2.35)	(2.22)	-
<b>Total</b>	<b>21.87</b>	<b>20.57</b>	<b>5.20</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>

The company has not recognized deferred tax asset in respect of brought forward unabsorbed losses of the amalgamated company eligible for adjustment under Income Tax Act against the taxable Income of the company in future as there is no virtual certainty with supporting evidences of realization of the same.

### 3. Related Party Disclosure:

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are as under:

#### i. Subsidiary Companies:

- 123 Greetings.com, Inc. from 27-05-1999
- 123 India.com Ltd. – from 05-08-1999 and merged with Parent Company wef. 01.04.2006
- One Two Three Greetings (India) Pvt. Ltd. – from 31.01.2007
- 123 Greetings (Singapore) Pte. Ltd. – from 12.04.2007

#### ii. Key Management Personnel:

- Mr. Arvind Kajaria – Managing Director
- Mr. Sharad Kajaria – Whole Time Director

#### iii. Transactions with Related Parties:

Name of the Party	Nature of Transaction	For the period ended 30 <sup>th</sup> June, 2009	For the year ended		(Rupees in Lakhs)		
			31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Transactions with Subsidiaries Company:							
123Greetings.com, Inc.	IT Enabled Service	80.11	359.60	806.75	893.50	894.51	897.43
	Technical / Support Fees	-	-	-	-	-	2.30
123Greetings (India) Pvt. Ltd.	IT Enabled Service	87.12	425.52	204.69	17.40	-	-
123Greetings (Singapore) Pte. Ltd.	IT Enabled Service	0.74	5.41	2.28	-	-	-

	Technical / Support Fees	-	8.25	7.30	-	-	-
<b>Transactions with Key Management Personnel:</b>							
Mr. Arvind Kajaria	Director's Remuneration	6.00	24.00	24.00	22.50	14.75	9.90
Mr. Sharad Kajaria	Director's Remuneration	5.25	21.00	21.00	19.50	11.00	6.60
<b>Balances Outstanding:</b>							
Receivables from Subsidiaries		233.73	319.63	328.57	195.65	69.21	140.16

4. Fixed Deposit with Bank includes Rs. 100 Lakhs (Previous Year - NIL) earmarked for overdraft facility to be utilized by a subsidiary company against which a lien has been created.
5. Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 Rs. 164.74 Lakhs has been recognized as MAT Credit Entitlement and carried forward for set off in future years.
6. The Company has been approved as STP unit under the scheme of The Government of India as 100% Export Oriented Unit wef. 30<sup>th</sup> January 2001 and renewed for another 5 years on 20<sup>th</sup> January 2006.
7. One Two Three India.Com Ltd, a subsidiary company was amalgamated with the company from 1<sup>st</sup> April 2006 in terms of Scheme of Amalgamation sanctioned by the Hon'ble High courts of the respective jurisdiction.
8. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.
9. There are no other material notes to the report which have bearing on the financial status of the issuer Company.

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
Partner  
Membership No.: 50819



Consolidated Statement of Contingent Laibilities, As Restated						
Particulars	Annexure E (Rupees in Lakhs)					
	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Bank guarantee Outstanding	1.25	1.25	1.25	1.25	1.25	1.25
Corporate guarantees	-	-	-	-	-	-
Letter of credit	-	-	-	-	-	-
Income Tax Matters	-	-	-	-	-	-
<b>Total</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

**Note:** The Company is a 100% Export Oriented Unit under Software Technolgy Park Scheme sponsored by Ministry of Information Technology, Government of India and has obtained a Private Bonded Warehouse License from the Deputy Commissioner of Customs, Import Bond, Custom House, Calcutta. The Company has executed a Bond along with a Bank guarnatee of Rs. 1,25,000 endorsed in favour of " The president of India, Acting through the Deputy Commissionerof Customs, Import Bond, Custom House, Calcutta" as security deposit for the amount of this bond.

Place : Kolkata

Date : 19 OCT 2009

Consolidated Statement of Dividend Declared, As Restated						
Particulars	Annexure F (Rupees in Lakhs)					
	Period Ended	Year ended				
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Equity Dividend</b>						
Equity Share Capital	132.01	132.01	132.01	131.91	100.00	100.00
Rate of Dividend	-	-	-	25%	80%	75%
Amount of Dividend	-	-	-	32.98	80.00	75.00
<b>Preference Dividend</b>						
Preference Share Capital	1,962.02	1,962.02	1,962.02	-	-	-
Rate of Dividend	-	-	-	-	-	-

Amount of Dividend	-	-	-	-	-	-
<b>Tax on Dividend</b>	-	-	-	<b>4.86</b>	<b>11.22</b>	<b>9.95</b>
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Details of Related Party Transactions, As Restated						
						Annexure G (Rupees in Lakhs)
a. Shareholders having Substantial Interest	Period Ended	Year ended (Nos. of Shares)				
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Arvind Kajaria	400,002	400,002	400,002	400,002	250,000	250,000
Sharad Kajaria	400,000	400,000	400,000	400,000	200,000	200,000
Karuna Kajaria	-	-	-	-	150,000	150,000
Padma Kajaria	200,000	200,000	200,000	200,000	200,000	200,000
Vishakha Kajaria	-	-	-	-	200,000	200,000
IntraSoft Beneficiary Trust	250,000	250,000	250,000	250,000	-	-
<b>b. Subsidiary Companies</b>	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.
	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three India.com Ltd.	One Two Three India.com Ltd.
	123 Greetings (Singapore) Pte. Ltd.	123 Greetings (Singapore) Pte. Ltd.	123 Greetings (Singapore) Pte. Ltd.	-	-	-
<b>c. Key Management Personnel</b>						
i. Mr. Arvind Kajaria - Managing Director						
ii. Mr. Sharad Kajaria - Whole Time Director						
<b>d. Transactions with Related Parties</b>						
<b>Name of the Party</b>	<b>Nature of</b>	<b>Period Ended</b>	<b>Year ended</b>			

Transaction		June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006.	March 31, 2005
<b>Transactions with Subsidiaries Company</b>							
123 Greetings.com, Inc.	IT Enabled Services	80.11	359.60	806.75	893.50	894.51	897.43
	Technical / Support Fees	-	-	-	-	-	2.30
One Two Three Greetings (India) Pvt. Ltd	IT Enabled Services	87.12	425.52	204.69	17.40	-	-
	Technical / Support Fees	0.74	5.41	2.28	-	-	-
123 Greetings (Singapore) Pte. Ltd	IT Enabled Services	0.74	5.41	2.28	-	-	-
	Technical / Support Fees	-	8.25	7.30	-	-	-
<b>Transactions with Key Management Personnel &amp; Relatives &amp; Shareholder's having substantial interest</b>							
Mr. Arvind Kajaria	Director's Remuneration	6.00	24.00	24.00	22.50	14.75	9.90
	Dividend Paid	-	-	-	6.25	20.00	18.75
Mr. Sharad Kajaria	Director's Remuneration	5.25	21.00	21.00		19.50	11.00
	Dividend Paid	-	-	-		5.00	16.00
Mrs. Padma Kajaria	Dividend Paid	-	-	-		8.75	16.00
Mrs. Karuna Kajaria	Dividend Paid	-	-	-		-	12.00
Mrs. Vishakha Kajaria	Dividend Paid	-	-	-		5.00	16.00
IntraSoft Beneficiary Trust	Dividend Paid	-	-	-		6.25	-
<b>Balances outstanding with Subsidiary Companies:</b>							
Receivables		233.73	319.63	328.57		195.65	69.21
Payables		-	-	-		-	-
Place : Kolkata							
Date : 19 OCT 2009							

Consolidated Details of Other Income, As Restated								Annexure H
								(Rupees in Lakhs)
Particulars	Period Ended	Year ended					Nature of Income	Related / Non - Related
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	(Recurring / Non - Recurring)	to Business Activity
<b>Other Income</b>								
Interest on Fixed Deposits with banks	48.23	150.08	45.65	12.84	11.47	7.28	Non Recurring	Non Related
Interest on Others	-	0.16	0.46	0.30	0.13	0.45	Non Recurring	Non Related
Rent Receipts	-	-	-	-	-	-	-	-
Unclaimed balances written back	-	-	-	-	-	-	-	-
Exchange Gain	-	46.08	-	-	0.46	1.86	Recurring	Related
Miscellaneous receipts	-		1.88	-	0.05	0.67	Non Recurring	Non Related
Profit on sale of investments	-				1.42	0.00	Non Recurring	Non Related
Investment expenses recovered	-	-	-	-	-	-		
Dividend received	-		6.25	-	-	-	Non Recurring	Non Related
Profit of sale of fixed assets	-	-	-		0.70	-	Non Recurring	Non Related
<b>Total (Gross other income)</b>	<b>48.23</b>	<b>196.32</b>	<b>54.25</b>	<b>13.15</b>	<b>14.23</b>	<b>10.26</b>		
<b>Net Profit before tax as restated</b>	<b>88.04</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>		
<b>% of Net Profit before tax as restated</b>	<b>54.78</b>	<b>35.43</b>	<b>14.02</b>	<b>3.55</b>	<b>6.68</b>	<b>4.51</b>		
Place : Kolkata								
Date : 19 OCT 2009								

Consolidated Summary of Accounting Ratios, As Restated	Annexure I
	(Rupees in Lakhs)

Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Earnings per Share</b>						
Basic-Rs	0.93	5.77	4.34	3.99	2.12	2.39
Diluted- Rs	0.78	4.83	3.70	3.42	1.81	2.04
<b>Net Asset Value per Share- (Rs)</b>	40.20	40.02	38.24	12.65	7.97	6.80
<b>Return on Net Worth (%)</b>	2.32	14.41	11.35	31.51	26.61	35.18
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	9,241,043	9,241,043	9,240,293	9,240,043	8,920,894	8,920,894
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	11,031,678	11,031,678	10,839,074	10,774,873	10,455,724	10,455,724

**Formula:**

Earnings per Share (Rs.) = 
$$\frac{\text{Restated Net Profit after Tax}}{\text{Weighted Average number of Equity shares outstanding during the year}}$$

Net Asset Value per Share (Rs.) = 
$$\frac{\text{Restated Net Worth as at the Year end}}{\text{Weighted Average number of Equity shares outstanding during the year}}$$

Return on Net Worth (Rs.) = 
$$\frac{\text{Restated Net Profit after Tax}}{\text{Restated Net Worth as at the Year end}}$$

A - The Board has approved,

1 - Conversion of 255,805 1.5% Compulsorily Convertible Cumulative Participating Preference Shares by Issue of 255,805 Equity Shares of Rs 10 (FV) at the Premium of Rs 757

2 - Issue of Bonus Equity Shares in the ratio 6:1

B - The outstanding Weighted Average Number Equity Shares has been increased to 9,241,043 and Weighted Average Number of Potential Equity Shares increased to 1,790,635

C - The Company has considered the above events to calculate the for Basic EPS and Diluted EPS

Place : Kolkata

Date : 19 OCT 2009

Consolidated Statement of Secured Loans, As Restated						
Annexure J (Rupees in Lakhs)						
Particulars	Period Ended	Year ended				
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Debentures	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-
Cash Credit facility	-	-	-	-	-	-
Overdraft facility	184.32	187.16	-	-	-	-
Vehicle loan	13.49	14.63	-	1.52	7.65	8.98
Interest Accrued and due on term loans	-	-	-	-	-	-
Finance Lease obligations	-	-	-	-	-	-
Foreign Currency Loan	-	-	-	-	-	-
Hire purchase loan	-	-	-	-	-	-
<b>Total</b>	<b>197.81</b>	<b>201.79</b>	<b>-</b>	<b>1.52</b>	<b>7.65</b>	<b>8.98</b>

**Note:**

Details of Secured Loans for the Financial quarter ended at June 30, 2009							
S. No.	Nature of borrowing/debt	Name of the Institution	Sanctioned Amount	Outstanding Amount	Interest Rate p.a	Repayment Terms	Security

`01.	Overdraft	Indian Overseas Bank	90.00	92.02	Interest on Fixed Deposit +1.5%	Reviewed on yearly basis	Fixed Deposit
`02.	Overdraft	HDFC Bank Ltd	100.00	92.30	Interest on Fixed Deposit +2%	Reviewed on yearly basis	Fixed Deposit
`03.	Vehicle Loan	HDFC Bank Ltd	15.90	13.49	Interest 11.59%	3 Years	Hypothecation of Motor Car

**Note: There has been no reschedulement, pre-closure, penalty, defaults, etc. on any of the above loans.**

Place : Kolkata

Date : 19 OCT 2009

Consolidated Statement of Unsecured Loans, As Restated							Annexure K (Rupees in Lakhs)
Particulars	As at						
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
Short Term Loan	-	-	-	-	-	-	-
Other than Short term	-	-	-	-	-	-	-
Inter Corporate Deposits	40.61	-	15.00	-	-	-	-
Loan from Corporates	-	-	-	-	-	-	-
Loan from Directors	-	-	-	-	-	-	-
<b>Total</b>	<b>40.61</b>	<b>-</b>	<b>15.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:**

Details of Unsecured Loans for the Financial quarter ended at June 30, 2009						
S. No.	Particulars of Loan	Bank/Parties Name	Outstanding Amount	Interest Rate p.a	Repayment Terms	
1	Inter Deposits	Corporate Adarsh Mercantile Ltd.	40.61	10%	On Demand	

Place : Kolkata

Date : 19 OCT 2009

Consolidated Details of Current Laibilities & Provisions, As Restated						
Annexure L (Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Current Liabilities</b>						
Sundry Creditors	258.38	281.68	67.73	118.04	22.52	17.60
Advance from Customers	-	-	-	-	-	-
Deposits & Retention	-	-	-	-	-	-
Unpaid Dividends	0.85	0.85	-	-	-	-
Other Liabilities	90.93	116.56	84.73	81.31	7.23	7.09
Interest Accrued but not due	-	-	-	-	-	-
Balance in Current Account with Joint Venture	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>350.16</b>	<b>399.09</b>	<b>152.46</b>	<b>199.35</b>	<b>29.75</b>	<b>24.69</b>
<b>Provisions</b>						
Proposed Dividend	-	-	-	7.98	20.00	35.00
Dividend Tax on proposed dividend	-	-	-	1.36	2.81	4.72
Provision for Taxes (Net of Advances)	-	-	-	4.79	0.74	0.34
Provision for FBT (Net of Advances)	-	0.52	-	-	2.45	-
Retirement Benefits	16.37	18.87	20.14	13.50	6.58	5.22
<b>Total Provisions</b>	<b>16.37</b>	<b>19.39</b>	<b>20.14</b>	<b>27.63</b>	<b>32.58</b>	<b>45.28</b>
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Statement of Sundry Debtors, As Restated						
Annexure M						



(Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Outstanding for a period exceeding six months						
-Considered good	19.72	6.20	74.90	-	-	-
-Considered doubtful	-	-	-	-	-	-
Other Debts	-	-	-	-	-	-
-Considered good	451.40	500.33	344.57	257.71	100.07	168.91
-Considered doubtful	-	-	-	-	-	-
Less: Provision	-	-	-	-	-	-
<b>Total</b>	<b>471.12</b>	<b>506.53</b>	<b>419.47</b>	<b>257.71</b>	<b>100.07</b>	<b>168.91</b>
<b>Note: None of the debtors is related to the directors, promoters or the issuer in any way except as mentioned in Annexure G</b>						
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Details of Other Current Assets, As Restated						
Annexure N						
(Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Interest Accrued but not due	32.50	32.46	32.62	9.74	0.46	0.48
<b>Total</b>	<b>32.50</b>	<b>32.46</b>	<b>32.62</b>	<b>9.74</b>	<b>0.46</b>	<b>0.48</b>
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Details of Loans and Advances, As Restated							Annexure O
							(Rupees in Lakhs)
Particulars				As at			
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
Advances recoverable in cash or in kind or for value to be received							
- considered good	30.23	54.43	2.50	7.12	2.75	6.72	
- considered doubtful	-	-	-	-	-	-	
Balance in Current Account with Joint Venture	-	-	-	-	-	-	
Balance in Current Account with Partnership	-	-	-	-	-	-	
Advances to Subsidiaries	-	-	-	-	-	-	
Other Advances	-	-	-	-	-	-	
Prepayments	14.00	0.40	9.99	7.13	-	-	
Deposits & Retentions	76.12	76.21	29.44	42.17	27.26	33.49	
MAT Credit Entitlement	164.73	150.31	89.01	40.92	0.19	-	
Advance tax (Net of provisions)	27.87	24.55	4.85	-	5.62	1.90	
Advance Fringe Benefit Tax (Net of provisions)	0.10	-	0.04	0.08	-	-	
Less: Provision for doubtful advances	-	-	-	-	-	-	
Total	313.05	305.91	135.83	97.42	35.82	42.11	
Note: None of the beneficiaries of loans and advances is related to the directors, promoters or the issuer in any way except as mentioned in Annexure G							
Place : Kolkata							
Date : 19 OCT 2009							

Consolidated Details of Investments, As Restated		Annexure P
		(Rupees in Lakhs)
Particulars	As at	

	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Traded Investments-Quoted</b>						
Group Companies		-	-	-	-	-
Others	-	-	-	-	-	0.10
<b>Total-A</b>		-	-	-	-	<b>0.10</b>
<b>Traded Investments-Unquoted</b>						
Group Companies	100.00	100.00	100.00	100.00	-	-
Others	-	-	-	-	-	0.01
<b>Total-B</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	-	<b>0.01</b>
<b>Non-Traded Investments- Quoted</b>						
Group Companies		-	-	-	-	-
Others	-	-	-	-	-	20.00
<b>Total-C</b>		-	-	-	-	<b>20.00</b>
<b>Immovable Properties</b>	-	-	-	-	-	71.80
<b>Total-D</b>		-	-	-	-	<b>71.80</b>
Less: Provision for diminution in Investments (E)		-	-	-	-	-
<b>Net Investments (A+B+C+D-E)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	-	<b>91.90</b>
<b>Market value of Quoted Investments</b>		-	-	-	-	<b>0.16</b>
Place : Kolkata						
Date : 19 OCT 2009						

Consolidated Statement of Capitalization, As Restated			Annexure Q
			(Rupees in Lakhs)
Particulars	Pre - Issue	Post - Issue	
As per the latest Audited Statements			
<b>Debt as at - 30.06.2009</b>			
Short Term Debt	189.26	-	

Long Term Debt	8.55	-
<b>Total Debt</b>	<b>197.81</b>	<b>-</b>
<b>Shareholders' Fund</b>		
Share Capital		
- Equity	132.01	-
- Preference	1,962.02	-
Reserves	2,081.78	-
<b>Total Shareholders' Fund</b>	<b>4,175.82</b>	<b>-</b>
<b>Long term Debt/ Shareholders' Funds (Ratio)</b>	<b>0.20</b>	<b>-</b>
<b>Notes:</b>		
<b>The Post Issue Capitalization would be provided after finalisation of the price of the equity shares to be issued.</b>		
Equity Share Capital of the Company stands increased to Rs. 1,103.17 by virtue of conversion of 255,805 preference shares into 255,805 equity shares and bonus issue of 9,455,724 equity shares and Reserves & Surplus increased to Rs. 3,072.65.		
<b>The capitalization statement has been calculated on the basis of restated financial statements.</b>		
Place : Kolkata		
Date : 19 OCT 2009		

**Annexure R**

**Segmental Reporting**

The Company is mainly engaged in the business of IT Enabled services, therefore there is no other business segment to be reported as per AS -17 "Segment Reporting" issued by the ICAI.

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
*Partner*

## STANDALONE FINANCIAL INFORMATION

### Stand Alone Financial Information of the Company

To  
The Board of Directors,  
IntraSoft Technologies Limited  
145, Rash Behari Avenue  
Kolkata -700 029

Dear Sirs,

### Re: Stand Alone Financial information of the company

1. We have examined the Restated Stand Alone Financial Information of **IntraSoft Technologies Limited**, as attached to this report and initialed by us for identification.
2. The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the Act), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, ('the SEBI Regulations') 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/clarifications; and in accordance with our terms of reference with the Company Letter dated 24<sup>th</sup> July, 2009 requesting us to carry out work in connection with the Offer Document issued by the company in connection with its public issue of Equity shares (referred to as the issue). The financial information has been approved by the Board of Directors of the Company.

#### **A. Financial Information as per audited financial statements:**

3. We have examined:
  - a. The attached Summary Statement of Assets and Liabilities, as restated of the Company as of June 30, 2009 and for the financial years ended on 31<sup>st</sup> March 2009, 2008, 2007, 2006 and 2005 enclosed in Annexure A;
  - and
  - b. The attached Summary Statement of Profits and Losses, as restated for the quarter ended June 30, 2009 and for the financial years ended 31<sup>st</sup> March 2009, 2008, 2007, 2006 and 2005 enclosed as Annexure B to this report, together referred to as Summary Statements.
  - c. The Summary Statements have been extracted from the Financial Statements of the quarter ended June 30, 2009 and Years ended on 31<sup>st</sup> March of, 2009, 2008, 2007, 2006 and 2005 audited and examined by us and adopted by the Board of Directors and Members for the respective years.
4. Based on our examination of these summary statements, we state that:
  - a. The restated profits have been arrived at after making such adjustments and regrouping, which in our opinion are appropriate in the years to which they relate, as shown in Annexure B(1) to this report.
  - b. There were no qualifications or extra-ordinary items or material amount relating to prior period that need to be disclosed or adjusted separately in the summary statements.

**B. Other Financial Information:**

5. We have examined the other following financial information prepared by the management, relating to the Company proposed public issue to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

<b>Annexures</b>
Annexure A: Summary of Restated Assets & Liabilities
Annexure B: Summary of Restated Profit & Loss Account
Annexure B (1): Notes on Adjustments made in Restated Standalone Financial Statements
Annexure C: Cash Flow Statement
Annexure D: Significant Accounting Policies and Notes to Accounts
Annexure E: Statement of Contingent Liabilities
Annexure F: Statement of Dividend Declared
Annexure G: Details of Related Party Transactions for the year ended
Annexure H: Details of Other Income
Annexure I: Summary of Accounting Ratios
Annexure J: Statement of Secured Loans
Annexure K: Statement of Unsecured Loans
Annexure L: Schedule for Current Liabilities & Provisions
Annexure M: Statement of Debtors
Annexure N: Details of Other Current Assets
Annexure O: Details of Loans & Advances
Annexure P: Details of Investments
Annexure Q: Capitalization Statement
Annexure R: Statement of Tax Shelters
Annexure S: Segmental Reporting
Annexure T: Summary of restated statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of 123 Greetings.com, Inc.
Annexure U: Summary of restated statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of 123 Greetings (Singapore) Pte. Ltd.
Annexure V: Summary of restated statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of One Two Three Greetings (India) Pvt. Ltd.
Annexure W: Summary of restated statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of One Two Three India.com Ltd.

6. In our opinion the financial information of the Company attached to this report as mentioned in Paragraphs A and B above read with respective significant accounting policies and notes on accounts as given in Annexure D to this report, and after making adjustments rounding off figures in Lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the Regulations issued by SEBI.
7. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
8. This report is intended solely for your information and for inclusion in the Offer Document, filing with the Registrar of Companies and other relevant statutory authorities in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
*Partner*  
Membership No.: 50819



Standalone Statement of Assets and Laibilities, As Restated						
						Annexure A
						(Rupees in Lakhs)
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	592.01	576.17	602.67	747.21	600.63	264.59
Less: Accumulated Depreciation	404.60	392.22	363.83	375.92	206.38	128.29
<b>Net block</b>	<b>187.41</b>	<b>183.95</b>	<b>238.84</b>	<b>371.29</b>	<b>394.26</b>	<b>136.30</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of revaluation reserve	187.41	183.95	238.84	371.29	394.26	136.30
Capital Work in progress including capital advances	-	-	-	-	-	-
<b>Total</b>	<b>187.41</b>	<b>183.95</b>	<b>238.84</b>	<b>371.29</b>	<b>394.26</b>	<b>136.30</b>
<b>B. Intangible Assets</b>						
Gross Block	425.84	425.75	124.04	123.93	-	-
Less: Amortization	170.11	141.36	110.80	101.92	-	-
Net Block	255.73	284.39	13.24	22.01	-	-
Capital Work in progress including capital advances	1,108.09	1,042.32	764.94	342.78	-	-
<b>Total</b>	<b>1,363.82</b>	<b>1,326.70</b>	<b>778.18</b>	<b>364.79</b>	<b>-</b>	<b>-</b>
<b>C. Investments</b>	<b>207.17</b>	<b>207.17</b>	<b>207.17</b>	<b>153.15</b>	<b>143.15</b>	<b>235.05</b>
<b>D. Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	265.69	322.30	333.03	203.94	69.21	140.16
Cash & Bank Balances	1,777.42	1,796.92	1,959.74	143.49	126.36	103.28

Other Current Assets	32.50	32.46	32.62	9.74	0.28	0.25
Loans & Advances	297.82	289.89	121.83	90.03	24.58	31.15
<b>Total</b>	<b>2,373.43</b>	<b>2,441.58</b>	<b>2,447.22</b>	<b>447.19</b>	<b>220.42</b>	<b>274.84</b>
<b>F. Liabilities &amp; Provisions</b>						
Current Liabilities & Provisions	297.68	344.46	115.13	154.86	44.25	50.90
Share application money	-	-	-	-	-	-
Secured Loan	105.51	107.47	-	1.52	7.65	8.98
Unsecured Loan	-	-	-	-	-	-
<b>Total</b>	<b>403.19</b>	<b>451.93</b>	<b>115.13</b>	<b>156.39</b>	<b>51.90</b>	<b>59.88</b>
<b>G. Deferred Tax Liability</b>	<b>21.87</b>	<b>20.57</b>	<b>5.21</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>3,706.77</b>	<b>3,686.90</b>	<b>3,551.07</b>	<b>1,152.26</b>	<b>676.31</b>	<b>577.10</b>
<b>Net Worth represented by:</b>						
<b>I. Equity Share Capital</b>	<b>132.01</b>	<b>132.01</b>	<b>132.01</b>	<b>131.91</b>	<b>100.00</b>	<b>100.00</b>
<b>J. Preference Share Capital</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>1,962.02</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>K. Reserves and Surplus</b>						
Share Premium	30.35	30.35	30.35	22.78	-	-
Debenture Redemption Reserve	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Profit and Loss Account	696.60	613.04	765.22	319.20	26.31	77.10
Any other reserve (other than Revaluation Reserve)	1,346.14	1,346.14	671.16	678.36	550.00	400.00
<b>Total</b>	<b>2,073.09</b>	<b>1,989.53</b>	<b>1,466.73</b>	<b>1,020.34</b>	<b>576.31</b>	<b>477.10</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	<b>460.35</b>	<b>396.67</b>	<b>9.70</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L. Net Worth (I+J+K)</b>	<b>3,706.77</b>	<b>3,686.90</b>	<b>3,551.07</b>	<b>1,152.26</b>	<b>676.31</b>	<b>577.10</b>
Refer Annexure B1 - Notes on Adjustments in Restated Financials						
Place : Kolkata						
Date : 19 OCT 2009						

Standalone Statement of Profit and Losses, As Restated						
						Annexure B
						(Rupees in Lakhs)
Particulars	Period Ended June 30, 2009	March 31, 2009	March 31, 2008	Year ended March 31, 2007	March 31, 2006	March 31, 2005
<b>I. Income</b>						
Operating Income	200.15	856.21	1,146.38	978.85	894.51	899.73
Other Income	48.22	196.23	54.25	13.15	7.45	4.96
<b>Total-A</b>	<b>248.37</b>	<b>1,052.44</b>	<b>1,200.62</b>	<b>992.00</b>	<b>901.96</b>	<b>904.69</b>
<b>II. Expenditure</b>						
Operating Expenses	0.62	2.86	11.99	24.83	165.90	257.33
Administration & Other Expenses	41.92	125.23	320.20	196.10	137.32	206.08
Employee Remuneration & benefits	48.61	188.00	293.63	265.71	302.37	212.87
Finance Charges	2.91	0.91	9.11	0.21	0.59	0.68
Depreciation	41.13	94.57	132.61	141.58	82.51	36.29
Amortization of Deffered Revenue Expenditure	28.32	99.77	2.42	-	-	0.02
<b>Total-B</b>	<b>163.51</b>	<b>511.36</b>	<b>769.97</b>	<b>628.43</b>	<b>688.67</b>	<b>713.27</b>
<b>III. Profit before taxation (A-B)</b>	<b>84.86</b>	<b>541.09</b>	<b>430.65</b>	<b>363.57</b>	<b>213.29</b>	<b>191.42</b>
<b>Extra Ordinary Items</b>	-	-	-	-	-	-
<b>IV. Profit before taxation and after Extra Ordinary items</b>	<b>84.86</b>	<b>541.09</b>	<b>430.65</b>	<b>363.57</b>	<b>213.29</b>	<b>191.42</b>
<b>Less: Provision for taxation</b>						
-Current	14.42	61.35	48.17	40.86	0.19	0.28
-Deferred	1.30	15.37	(18.86)	(1.84)	20.40	6.73
-Fringe benefit tax	-	2.88	3.40	2.33	2.45	-
-MAT Credit Entitlement	(14.42)	(61.31)	(89.01)	-	-	-

<b>V. Profit After Taxation and Extra Ordinary Items as per audited statement of accounts (C)</b>	<b>83.56</b>	<b>522.80</b>	<b>486.95</b>	<b>322.22</b>	<b>190.24</b>	<b>184.40</b>
Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	40.92	(40.73)	(0.19)	-
Tax impact on adjustments	-	-	-	-	-	-
<b>Total adjustments net of tax impact (D)</b>	<b>-</b>	<b>-</b>	<b>40.92</b>	<b>(40.73)</b>	<b>(0.19)</b>	<b>-</b>
<b>VI. Adjusted profit/(loss)(C+D)</b>	<b>83.56</b>	<b>522.80</b>	<b>446.02</b>	<b>362.95</b>	<b>190.43</b>	<b>184.40</b>
Surplus/(Deficit) brought forward from the Previous year(*)	613.04	765.22	319.20	26.31	77.10	52.64
<b>VII. Profit available for appropriation</b>	<b>696.60</b>	<b>1,288.02</b>	<b>765.22</b>	<b>389.26</b>	<b>267.53</b>	<b>237.04</b>
Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-
Transfer to General Reserve	-	674.98	-	32.22	150.00	75.00
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Preference dividend	-	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	32.98	80.00	75.00
Tax on dividend	-	-	-	4.86	11.22	9.95
Issue of Bonus shares	-	-	-	-	-	-
<b>VIII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>696.60</b>	<b>613.04</b>	<b>765.22</b>	<b>319.20</b>	<b>26.31</b>	<b>77.10</b>
<b>Note: (*) Difference in brought forward balances as on 01.04.2006 is due to Amalgamation of a Subsidiary - One Two Three India.com Ltd. with the Parent Company - IntraSoft Technologies Limited w.e.f. 01.04.2006</b>						
Refer Annexure B1 - Notes on Adjustments in Restated Financials						
Place : Kolkata						
Date : 19 OCT 2009						

**Notes on Adjustments made in Restated Consolidated Financial Statements**

**1. Material Regrouping:**

- a. Financial Statements which were elaborative are summarized and regrouped in the restated summary statement for better investors prospective.
- b. The company has started to recognize its MAT credit entitlement in its financial statement from the year ended 31<sup>st</sup> March 2008. MAT credit entitlement of Rs 89.01 Lakhs includes Rs 40.73 Lakhs and Rs 0.19 Lakhs relating to the financial statement ended on 31<sup>st</sup> March 2007 & 31<sup>st</sup> March 2006 respectively.

**2. Changes in Accounting Policies:**

- a. The company has adopted the AS -15 (revised) "Employee Benefit w.e.f. 1<sup>st</sup> April 2007. According to this new accounting policy the gratuity liabilities of the employees has been determined on the principle of Actuarial Valuation principle. Earlier the gratuity liability has been determined on accrual basis.
- b. Leave pay due to employee before 1<sup>st</sup> April 2007 had been either availed or encashed by the employees. However from 1<sup>st</sup> April 2007 onwards the employees are entitled to carry forward their due leave to the extent of permitted policy of the company and company had started to recognize its liability of unavailed leave in their financial statement for the year ended 31<sup>st</sup> March 2008.

Place: Kolkata  
Date: 19 OCT 2009

For K N Gutgutia & Co.  
Chartered Accountants

K C SHARMA  
*Partner*  
Membership No.: 50819

Standalone Statement of Cash Flows, from the Restated Financial Statements						
						Annexure C
						(Rupees in Lakhs)
Particulars	Period Ended June 30, 2009	March 31, 2009	March 31, 2008	Year ended March 31, 2007	March 31, 2006	March 31, 2005
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before taxation and extraordinary items:	84.86	541.09	430.65	363.57	213.29	191.42
Adjustments for:						
Depreciation	41.13	94.57	132.61	141.58	82.51	36.29
Amortization of Deffered Revenue Expensediture	28.32	99.77	2.42	-	-	0.02
Foreign exchange loss	-	-	-	-	-	-
Loss on sale of fixed assets (net)	-	8.86	43.68	3.56	-	-
Loss on sale of investments (net)	-	-	-	-	(2.13)	-
Provision for diminution in value of investments	-	-	-	-	-	-
Provisions no longer required, written back	-	-	-	0.02	-	-
Miscellaneous Income	-	-	(1.88)	-	-	-
Dividend Received	-	-	(6.25)	-	-	-
Gain on exchange fluctuation	-	-	-	-	-	-
Finance charges	2.91	0.91	9.11	0.21	0.59	0.68
Interest Received	(48.23)	(150.24)	(46.11)	(13.15)	(4.87)	(3.10)
Provision for doubtful advance	-	-	-	-	-	-
Fixed assets written off	-	-	-	-	-	-
<b>Cash generated from operations before Working Capital Changes</b>	<b>109.00</b>	<b>594.96</b>	<b>564.23</b>	<b>495.79</b>	<b>289.39</b>	<b>225.31</b>
Adjustments for:						
Changes in Trade and Other Receivables	56.61	10.73	(129.09)	(125.29)	70.95	33.03
Changes in Trade Payables	(46.33)	229.41	(38.46)	115.83	7.61	(1.44)
Changes in Advance and Deposits	8.48	(92.24)	16.22	(20.79)	10.26	(7.45)

<b>Cash generated from/(used in) Operations</b>	<b>127.76</b>	<b>742.85</b>	<b>412.90</b>	<b>465.55</b>	<b>378.22</b>	<b>249.45</b>
Taxes paid (net)	(16.86)	(78.82)	(52.48)	(37.19)	(3.49)	5.11
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>110.90</b>	<b>664.04</b>	<b>360.42</b>	<b>428.37</b>	<b>374.72</b>	<b>254.56</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	(15.94)	(325.24)	(50.97)	(137.77)	(341.41)	(85.71)
Sale of Fixed Assets	-	5.56	15.90	0.20	0.95	-
(Purchase)/Sale of Investments (net)	-	-	(54.02)	(10.00)	91.90	(19.99)
Profit on sales of Investment	-	-	-	-	2.13	-
Change in Capital Work in Progress	(65.78)	(277.38)	(422.16)	(342.78)	-	11.75
Change in Deferred Revenue Expenses	(92.00)	(486.74)	-	-	-	-
Interest Received	48.19	150.40	23.23	3.85	4.84	2.85
Dividend Received	-	-	6.25	-	-	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>(125.53)</b>	<b>(933.41)</b>	<b>(481.77)</b>	<b>(486.49)</b>	<b>(241.60)</b>	<b>(91.10)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	-	-	1,969.69	-	-	-
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	(1.96)	107.47	(1.52)	(6.13)	(1.33)	(0.51)
Proceeds in Unsecured Loan	-	-	-	-	-	-
Share Issue Expenses	-	-	(12.12)	-	-	-
Finance Charges Paid	(2.91)	(0.91)	(9.11)	(0.21)	(0.59)	(0.68)
Dividend Paid (including dividend distribution	-	-	(9.33)	(51.31)	(108.13)	(67.79)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(4.87)</b>	<b>106.56</b>	<b>1,937.60</b>	<b>(57.65)</b>	<b>(110.05)</b>	<b>(68.99)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>(19.50)</b>	<b>(162.81)</b>	<b>1,816.25</b>	<b>(115.78)</b>	<b>23.08</b>	<b>94.47</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,796.92</b>	<b>1,959.74</b>	<b>143.49</b>	<b>259.26</b>	<b>103.28</b>	<b>8.81</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,777.42</b>	<b>1,796.92</b>	<b>1,959.74</b>	<b>143.49</b>	<b>126.36</b>	<b>103.28</b>

Components of cash and cash equivalent						
- Cash and cheques on hand	-	0.02	1.82	1.86	2.14	2.58
- With banks						
- On current account	27.42	46.90	47.92	11.62	24.21	20.70
- On deposit account restricted	-	-	-	-	-	-
- On deposit account unrestricted	1,750.00	1,750.00	1,910.00	130.00	100.00	80.00

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

Place : Kolkata

Date : 19 OCT 2009

## Annexure D

### B. Significant Accounting Policies

#### 1. **Accounting Concept:**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and are in compliance with mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government

The financial statement are prepared under the historical cost convention and on an accrual basis of accounting.

#### 2. **Fixed Assets:**

Fixed Assets are stated at their original cost including other expenses related to acquisition and installation.

Expenses incurred towards cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

#### 3. **Depreciation:**

Depreciation is charged in the accounts on the following basis:

- Depreciation on all assets is provided on written down value method applying the rates of schedule XIV ( as amended ) of the Companies Act, 1956.
- Depreciation on assets added / disposed off during the year on pro-rata basis.



**4. Investments:**

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition.

**5. Recognition Of Income And Expenditure:**

Items of Income and expenditure are accounted for on accrual basis.

**6. Foreign Currency Transactions:**

- i. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii. Current assets and liabilities (other than those covered by forward contracts) denominated in foreign currency as on the Balance Sheet date are restated in the accounts on the basis of exchange rates prevailing at the Balance Sheet date and exchange difference arising therefrom are charged to the Profit and Loss Account.

**7. Employees Benefits:**

- i. The Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue.
- ii. Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year.
- iii. Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year.

**8. Taxation:**

Provision for Income Tax is made on taxable income for the year at current rates. Current tax represents the amount of Income tax payable in respect of taxable income for the year. Deferred tax represents the effect of timing difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent if there is a reasonable certainty that the assets will be realized in future. However where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty with supporting evidences of realization of the assets.

**9. Provisions, Contingent Liabilities, and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

**10. Use of Estimates:**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures related to contingent liabilities and assets as at the balance sheet date and the reported amount of income and expenses during the year. Actual results could differ from those estimates.

**11. Impairment Of Assets:**

All assets other than, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount, the impairment are recognized and the assets are written down to the recoverable amount.

**12. Miscellaneous Expenditure:**

The Expenditure having the impact on the workings of the company in subsequent years or benefit of which shall continue in one or more subsequent years is recognised as Miscellaneous Expenditure. Such Expenditure is written off in equal installment in five years starting from the year in which they have been incurred.

**C. Notes on Accounts****10. Contingent Liabilities:**

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	As at (Rupees in Lakhs)			
			31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Bank Guarantee Outstanding	1.25	1.25	1.25	1.25	1.25	1.25
<b>Total</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

**11. Deferred Tax:**

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	As at (Rupees in Lakhs)		
				31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
<b>a. Deferred Tax Liability</b>						
Timing difference for depreciation on Fixed Assets	29.31	29.45	12.05	30.13	31.83	9.21
<b>b. Deferred Tax Assets</b>						
Expenses allowable U/S 43B	(7.44)	(8.88)	(6.85)	(2.35)	(2.22)	-
<b>Total</b>	<b>21.87</b>	<b>20.57</b>	<b>5.20</b>	<b>27.78</b>	<b>29.61</b>	<b>9.21</b>

The company has not recognized deferred tax asset in respect of brought forward unabsorbed losses of the amalgamated company eligible for adjustment under Income Tax Act against the taxable Income of the company in future as there is no virtual certainty with supporting evidences of realization of the same.

**12. Earning in Foreign Exchange:**

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	As at (Rupees in Lakhs)			
			31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
IT Enabled Service	81.64	391.14	850.30	947.52	894.97	899.29
Technical / Support Fees	-	-	-	-	-	2.30
<b>Total</b>	<b>81.64</b>	<b>391.14</b>	<b>850.30</b>	<b>947.52</b>	<b>894.97</b>	<b>901.59</b>

**13. Expenditure in Foreign Currency:**

Particulars	For the period ended 30 <sup>th</sup> June, 2009	31 <sup>st</sup> March, 2009	As at (Rupees in Lakhs)			
			31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Travelling Expenses	8.71	11.53	9.67	16.57	6.59	12.77
Subscription & Membership Fee	-	0.56	0.49	0.51	0.37	0.47
General Expenses	-	0.12	0.53	0.09	0.08	0.04
<b>Total</b>	<b>8.71</b>	<b>12.21</b>	<b>10.69</b>	<b>17.17</b>	<b>7.04</b>	<b>13.28</b>

**14. Related Party Disclosure:**

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are as under:

**i. Subsidiary Companies:**

- 123 Greetings.com, Inc. – from 27.05.1999
- One Two Three India.com Ltd. – from 05.08.1999 and merged with Parent Company wef. 01.04.2006
- One Two Three Greetings (India) Pvt. Ltd. – from 31.01.2007
- 123 Greetings (Singapore) Pte. Ltd. – from 12.04.2007

**ii. Key Management Personnel:**

- Mr. Arvind Kajaria – Managing Director

➤ Mr. Sharad Kajaria – Whole Time Director

**iii. Transactions with Related Parties:**

Name of the Party	Nature of Transaction	For the period ended 30 <sup>th</sup> June, 2009	For the year ended		(Rupees in Lakhs)		
			31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2005
Transactions with Subsidiaries Company:							
123Greetings.com, Inc.	IT Enabled Service	80.11	359.60	806.75	893.50	894.51	897.43
	Technical / Support Fees	-	-	-	-	-	2.30
One Two Three Greetings (India) Pvt. Ltd.	IT Enabled Service	87.12	425.52	204.69	17.40	-	-
123Greetings (Singapore) Pte. Ltd.	IT Enabled Service	0.74	5.41	2.28	-	-	-
	Technical / Support Fees	-	8.25	7.30	-	-	-
Transactions with Key Management Personnel:							
Mr. Arvind Kajaria	Director's Remuneration	6.00	24.00	24.00	22.50	14.75	9.90
Mr. Sharad Kajaria	Director's Remuneration	5.25	21.00	21.00	19.50	11.00	6.60
Balances Outstanding:							
Receivables from Subsidiaries		233.73	319.63	328.57	195.65	69.21	140.16

15. Fixed Deposit with Bank at 30<sup>th</sup> June, 2009 includes Rs. 100 Lakhs (Previous Years - NIL) earmarked for overdraft facility to be utilized by a subsidiary company against which a lien has been created.
16. Minimum Alternative Tax (MAT) credit available to the company as on 30<sup>th</sup> June, 2009 as per provision of section 115JAA of the Income Tax Act, 1961 Rs. 164.73 Lakhs has been recognized as MAT Credit Entitlement and carried forward for set off in future years.
17. The Company has been approved as STP unit under the scheme of The Government of India as 100% Export Oriented Unit w.e.f 30<sup>th</sup> January 2001 and renewed for another 5 years on 20<sup>th</sup> January 2006.

18. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.

19. There are no other material notes to the report which have bearing on the financial status of the issuer Company

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
Partner

Membership No.: 50819

Standalone Statement of Contingent Liabilities, As Restated						
Particulars	Annexure E (Rupees in Lakhs)					
	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Bank guarantee Outstanding	1.25	1.25	1.25	1.25	1.25	1.25
Corporate guarantees	-	-	-	-	-	-
Letter of credit	-	-	-	-	-	-
Income Tax Matters	-	-	-	-	-	-
<b>Total</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>
<b>Note:</b> The Company is a 100% Export Oriented Unit under Software Technolgy Park Scheme sponsored by Ministry of Information Technology, Government of India and has obtained a Private Bonded Warehouse License from the Deputy Commissioner of Customs, Import Bond, Custom House, Calcutta. The Company has executed a Bond along with a Bank guarnatee of Rs. 1,25,000 endorsed in favour of " The president of India, Acting through the Deputy Commissioner of Customs, Import Bond, Custom House, Calcutta" as security deposit for the amount of this bond.						
Place : Kolkata						
Date : 19 OCT 2009						

Standalone Statement of Dividend Declared, As Restated						
						Annexure F
						(Rupees in Lakhs)
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Equity Dividend</b>						
Equity Share Capital	132.01	132.01	132.01	131.91	100.00	100.00
Rate of Dividend	-	-	-	25.00	80.00	75.00
Amount of Dividend	-	-	-	32.98	80.00	75.00
<b>Preference Dividend</b>						
Preference Share Capital	1,962.02	1,962.02	1,962.02	-	-	-
Rate of Dividend	-	-	-	-	-	-
Amount of Dividend	-	-	-	-	-	-
<b>Tax on Dividend</b>	-	-	-	<b>4.86</b>	<b>11.22</b>	<b>9.95</b>
Place : Kolkata						
Date : 19 OCT 2009						

Standalone Details of Related Party Transactions, As Restated						
						Annexure G
						(Rupees in Lakhs)
a. Shareholders having Substantial	Period Ended	Year ended (Nos. of Shares)				
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Arvind Kajaria	400,002	400,002	400,002	400,002	250,000	250,000
Sharad Kajaria	400,000	400,000	400,000	400,000	200,000	200,000
Karuna Kajaria	-	-	-	-	150,000	150,000
Padma Kajaria	200,000	200,000	200,000	200,000	200,000	200,000
Vishakha Kajaria	-	-	-	-	200,000	200,000
IntraSoft Beneficiary Trust	250,000	250,000	250,000	250,000	-	-

<b>b. Subsidiary Companies</b>	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.	123 Greetings.com, Inc.
	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three Greetings (India) Pvt. Ltd.	One Two Three India.com Ltd.	One Two Three India.com Ltd.	One Two Three India.com Ltd.
	123 Greetings (Singapore) Pte. Ltd.	123 Greetings (Singapore) Pte. Ltd.	123 Greetings (Singapore) Pte. Ltd.	-	-	-	-
<b>c. Key Management Personnel</b>							
i. Mr. Arvind Kajaria - Managing Director							
ii. Mr. Sharad Kajaria - Whole Time Director							
<b>d. Transactions with Related Parties</b>							
Name of the Party	Nature of	Period Ended	Year ended				
	Transaction	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Transactions with Subsidiaries Company</b>							
123 Greetings.com, Inc.	IT Enabled Services	80.11	359.60	806.75	893.50	894.51	897.43
	Technical / Support Fees	-	-	-	-	-	2.30
One Two Three Greetings (India) Pvt. Ltd	IT Enabled Services	87.12	425.52	204.69	17.40	-	-
123 Greetings (Singapore) Pte. Ltd	IT Enabled Services	0.74	5.41	2.28	-	-	-
	Technical / Support	-	8.25	7.30	-	-	-
<b>Transactions with Key Management Personnel &amp; Relatives &amp; Shareholder's having substantial interest</b>							
Mr. Arvind Kajaria	Director's Remuneration	6.00	24.00	24.00	22.50	14.75	9.90
	Dividend Paid	-	-	-	6.25	20.00	18.75
Mr. Sharad Kajaria	Director's Remuneration	5.25	21.00	21.00	19.50	11.00	6.60

	Dividend Paid	-	-	-	5.00	16.00	15.00
Mrs. Padma Kajaria	Dividend Paid	-	-	-	8.75	16.00	15.00
Mrs. Karuna Kajaria	Dividend Paid	-	-	-	-	12.00	11.25
Mrs. Vishakha Kajaria	Dividend Paid	-	-	-	5.00	16.00	15.00
IntraSoft Beneficiary Trust	Dividend Paid	-	-	-	6.25	-	-
<b>Balances outstanding with Subsidiary Companies:</b>							
Receivables		233.73	319.63	328.57	195.65	69.21	140.16
Payables		-	-	-	-	-	-
Place : Kolkata							
Date : 19 OCT 2009							

Standalone Details of Other Income, As Restated								
								Annexure H
								(Rupees in Lakhs)
Particulars	Period Ended	Year ended					Nature of Income	Related / Non - Related
		June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	(Recurring / Non - Recurring)
Other Income								
Interest on Fixed Deposits with banks	48.22	150.08	45.65	12.84	4.74	2.65	Non Recurring	Non Related
Interest on Others	-	0.16	0.46	0.30	0.13	0.45	Non Recurring	Non Related
Rent Receipts	-	-	-	-	-	-	-	-
Unclaimed balances written	-	-	-	-	-	-	-	-
Exchange Gain	-	45.99	-	-	0.46	1.86	Recurring	Related
Miscellaneous receipts	-	-	1.88	-	-	-	Non Recurring	Non Related
Profit on sale of investments	-	-	-	-	1.42	-	Non Recurring	Non Related
Investment expenses recovered	-	-	-	-	-	-	-	-



Dividend received	-	-	6.25	-	-	-	Non Recurring	Non Related
Profit of sale of fixed assets	-	-	-	-	0.70	-	Non Recurring	Non Related
<b>Total (Gross other income)</b>	<b>48.22</b>	<b>196.23</b>	<b>54.25</b>	<b>13.15</b>	<b>7.45</b>	<b>4.96</b>		
<b>Net Profit before tax as restated</b>	<b>84.86</b>	<b>554.17</b>	<b>386.79</b>	<b>370.65</b>	<b>212.96</b>	<b>227.75</b>		
<b>% of Net Profit before tax as restated</b>	<b>56.83</b>	<b>35.41</b>	<b>14.02</b>	<b>3.55</b>	<b>3.50</b>	<b>2.18</b>		
Place : Kolkata								
Date : 19 OCT 2009								

Standalone Summary of Accounting Ratios, As Restated							Annexure I
							(Rupees in Lakhs)
Particulars	As at						
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
<b>Earnings per Share</b>							
Basic-Rs	0.90	5.66	4.83	3.93	2.13	2.07	
Diluted- Rs	0.76	4.74	4.11	3.37	1.82	1.76	
<b>Net Asset Value per Share- (Rs)</b>	<b>40.11</b>	<b>39.90</b>	<b>38.43</b>	<b>12.47</b>	<b>7.58</b>	<b>6.47</b>	
<b>Return on Net Worth (%)</b>	<b>2.25</b>	<b>14.18</b>	<b>12.56</b>	<b>31.50</b>	<b>28.16</b>	<b>31.95</b>	
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	9,241,043	9,241,043	9,240,293	9,240,043	8,920,894	8,920,894	
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	11,031,678	11,031,678	10,839,074	10,774,873	10,455,724	10,455,724	
<b>Formula:</b>	Restated Net Profit after Tax						
Earnings per Share (Rs.) =	-----						
	Weighted Average number of Equity shares outstanding during the year as adjusted for Bonus Issue						

Restated Net Worth as at the Year end	
Net Asset Value per Share (Rs.) =	-----
Weighted Average number of Equity shares outstanding during the year as adjusted for Bonus Issue	
Restated Net Profit after Tax	
Return on Net Worth (Rs.) =	-----
Restated Net Worth as at the Year end	
Notes:	
A - The Board has approved,	
1 - conversion of 255,805 1.5% Compulsorily Convertible Cumulative Participating Preference Shares by Issue of 255,805 Equity Shares of Rs 10 (FV) at the Premium of Rs 757	
2 - Issue of Bonus Equity Shares in the ratio 6:1	
B - The outstanding Weighted Average Number Equity Shares has been increased to 9,241,043 and Weighted Average Number of Potential Equity Shares increased to 1,790,635	
C - The Company has considered the above events to calculate the for Basic EPS and Diluted EPS	
Place : Kolkata	
Date : October 19,2009	

Standalone Statement of Secured Loans, As Restated							Annexure J (Rupees in Lakhs)
Particulars	Period Ended June 30, 2009	Year ended					
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
Debentures	-	-	-	-	-	-	
Term Loan	-	-	-	-	-	-	
Cash Credit facility	-	-	-	-	-	-	
Overdraft facility	92.02	92.84	-	-	-	-	
Vehicle loan	13.49	14.63	-	1.52	7.65	8.98	
Interest Accrued and due on term loans	-	-	-	-	-	-	
Finance Lease obligations	-	-	-	-	-	-	

Foreign Currency Loan	-	-	-	-	-	-
Hire purchase loan	-	-	-	-	-	-
<b>Total</b>	<b>105.51</b>	<b>107.47</b>	<b>-</b>	<b>1.52</b>	<b>7.65</b>	<b>8.98</b>

**Details of Secured Loans for the Financial year ended at June 30, 2009**

S. No.	Nature of borrowing/debt	Name of the Institution	Sanctioned Amount	Outstanding Amount	Interest Rate p.a	Repayment Terms	Security
01.	Overdraft	Indian Overseas Bank	90.00	92.02	Interest on Fixed Deposit +1.5%	Reviewd on yearly basis	Fixed Deposit
02	Vehicle Loan	HDFC Bank Ltd	15.90	13.49	Interest 11.59%	3 Years	Hypothecation of Motor Car

**Note: There has been no reschedulement, pre-closure, penalty, defaults, etc. on any of the above loans.**

Place : Kolkata

Date : 19 OCT 2009

**Standalone Statement of Unsecured Loans, As Restated**

Particulars	As at						<b>Annexure K</b> (Rupees in Lakhs)
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
Short Term Loan	-	-	-	-	-	-	
Other than Short term	-	-	-	-	-	-	
Inter Corporate Deposits	-	-	-	-	-	-	
Loan from Corporates	-	-	-	-	-	-	
Loan from Directors	-	-	-	-	-	-	

<b>Total</b>	-	-	-	-	-	-
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**Note:**

**Details of Unsecured Loans for the Financial quarter ended at June 30, 2009**

S. No.	Particulars of Loan	Bank/Parties Name	Outstanding Amount	Interest Rate p.a	Repayment Terms
-	-	-	-	-	-

Place : Kolkata

Date : 19 OCT 2009

**Standalone Details of Current Laibilities & Provisions, As Restated**

**Annexure L**  
(Rupees in Lakhs)

Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Current Liabilities</b>						
Sundry Creditors	211.12	240.73	34.28	50.09	9.24	3.65
Advance from Customers	-	-	-	-	-	-
Deposits & Retention	-	-	-	-	-	-
Unpaid Dividends	0.85	0.85	-	-	-	-
Other Liabilities	69.33	83.57	60.19	78.56	2.73	2.07
Interest Accrued but not due	-	-	-	-	-	-
Balance in Current Account with Joint Venture	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>281.31</b>	<b>325.15</b>	<b>94.47</b>	<b>128.65</b>	<b>11.97</b>	<b>5.72</b>
<b>Provisions</b>						
Proposed Dividend	-	-	-	7.98	20.00	35.00

Dividend Tax on proposed dividend	-	-	-	1.36	2.81	4.72
Provision for Taxes (Net of Advances)	-	-	0.52	3.37	0.44	0.24
Provision for FBT (Net of Advances)	-	0.45	-	-	2.45	-
Retirement Benefits	16.37	18.87	20.14	13.50	6.58	5.22
<b>Total Provisions</b>	<b>16.37</b>	<b>19.31</b>	<b>20.66</b>	<b>26.21</b>	<b>32.28</b>	<b>45.18</b>
Place : Kolkata						
Date : 19 OCT 2009						

Standalone Statement of Sundry Debtors, As Restated							Annexure M
							(Rupees in Lakhs)
Particulars	As at						
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
Outstanding for a period exceeding six months							
-Considered good	-	13.18	-	-	-	-	-
-Considered doubtful	-	-	-	-	-	-	-
Other Debts							
-Considered good	265.69	309.13	333.03	203.94	69.21	140.16	
-Considered doubtful	-	-	-	-	-	-	-
Less: Provision	-	-	-	-	-	-	-
<b>Total</b>	<b>265.69</b>	<b>322.30</b>	<b>333.03</b>	<b>203.94</b>	<b>69.21</b>	<b>140.16</b>	
<b>Note: None of the debtors is related to the directors, promoters or the issuer in any way except as mentioned in Annexure G</b>							
Place : Kolkata							
Date : 19 OCT 2009							

Standalone Details of Other Current Assets, As Restated	Annexure N
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(Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Interest Accrued but not due	32.50	32.46	32.62	9.74	0.28	0.25
<b>Total</b>	<b>32.50</b>	<b>32.46</b>	<b>32.62</b>	<b>9.74</b>	<b>0.28</b>	<b>0.25</b>
Place : Kolkata						
Date : 19 OCT 2009						

Standalone Details of Loans and Advances, As Restated						
Annexure O (Rupees in Lakhs)						
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Advances recoverable in cash or in kind or for value to be received						
- considered good	42.10	50.59	2.50	7.12	1.73	5.89
- considered doubtful	-	-	-	-	-	-
Balance in Current Account with Joint Venture	-	-	-	-	-	-
Balance in Current Account with Partnership	-	-	-	-	-	-
Advances to Subsidiaries	-	-	-	-	-	-
Other Advances	-	-	-	-	0.28	0.25
Prepayments	0.40	0.39	2.57	1.57	-	-
Deposits & Retentions	74.04	74.05	27.72	40.31	18.60	24.70
MAT Credit Entitlement	164.73	150.31	89.01	40.92	0.19	-
Advance tax (Net of provisions)	16.44	14.55	-	-	4.06	0.57
Advance Fringe Benefit Tax (Net of provisions)	0.10	-	0.04	0.10	-	-
Less: Provision for doubtful advances	-	-	-	-	-	-
<b>Total</b>	<b>297.82</b>	<b>289.89</b>	<b>121.83</b>	<b>90.03</b>	<b>24.86</b>	<b>31.40</b>
<b>Note: None of the beneficiaries of loans and advances is related to the directors, promoters or the issuer in any way except as mentioned in Annexure G</b>						

Place : Kolkata  
Date : 19 OCT 2009

IntraSoft Technologies Limited						
Standalone Details of Investments, As Restated						
Particulars	Annexure P (Rupees in Lakhs)					
	June 30, 2009	March 31, 2009	March 31, 2008	As at March 31, 2007	March 31, 2006	March 31, 2005
<b>Traded Investments-Quoted</b>						
Group Companies	-	-	-	-	-	-
Others	-	-	-	-	-	0.10
<b>Total-A</b>	-	-	-	-	-	<b>0.10</b>
<b>Traded Investments-Unquoted</b>						
Group Companies	207.17	207.17	207.17	153.15	143.15	143.16
Others	-	-	-	-	-	-
<b>Total-B</b>	<b>207.17</b>	<b>207.17</b>	<b>207.17</b>	<b>153.15</b>	<b>143.15</b>	<b>143.16</b>
<b>Non-Traded Investments- Quoted</b>						
Group Companies	-	-	-	-	-	-
Others	-	-	-	-	-	20.00
<b>Total-C</b>	-	-	-	-	-	<b>20.00</b>
<b>Immovable Properties</b>	-	-	-	-	-	71.80
<b>Total-D</b>	-	-	-	-	-	<b>71.80</b>
Less: Provision for diminution in investments (E)	-	-	-	-	-	-
<b>Net Investments (A+B+C+D-E)</b>	<b>207.17</b>	<b>207.17</b>	<b>207.17</b>	<b>153.15</b>	<b>143.15</b>	<b>235.05</b>

<b>Market value of Quoted Investments</b>	-	-	-	-	-	<b>0.16</b>
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Place : Kolkata

Date : 19 OCT 2009

Standalone Statement of Capitalization, As Restated			Annexure Q
			(Rupees in Lakhs)
Particulars	Pre - Issue	Post - Issue	
	As per the latest Audited Statements		
Debt as at - 30.06.2009			
Short Term Debt	96.96	-	
Long Term Debt	8.55	-	
Total Debt	105.51	-	
Shareholders' Fund			
Share Capital			
- Equity	132.01	-	
- Preference	1,962.02	-	
Reserves	2,073.09	-	
Total Shareholders' Fund	4,167.12	-	
Long term Debt/ Shareholders' Funds (Ratio)	0.21	-	
Notes:			
The Post Issue Capitalization would be provided after finalisation of the price of the equity shares to be issued.			
Equity Share Capital of the Company stands increased to Rs. 1,103.17 by virtue of conversion of 255,805 preference shares into 255,805 equity shares and bonus issue of 9,455,724 equity shares and Reserves & Surplus increased to Rs. 3,063.96.			
The capitalization statement has been calculated on the basis of restated financial statements.			
Place : Kolkata			
Date : 19 OCT 2009			



Standalone Statement of Tax Shelter, As Restated						
						Annexure R (Rupees in Lakhs)
Particulars	As at					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>Profit/(Loss) before tax but after Extraordinary items as per books (A)</b>	84.86	541.09	430.65	363.57	213.29	191.42
Tax Rate	0.34	0.34	0.34	0.34	0.34	0.37
Tax at notional rate on profits	28.85	183.92	146.38	122.38	71.79	69.87
<b>Adjustments:</b>						
<b>Permanent Differences (B)</b>						
Exempt Income	-	-	-	-	2.13	-
Interest on long term finance exempt u/s 10(23G)	-	-	-	-	-	-
Deduction u/s 80HHE of the Act	-	-	-	-	161.22	177.48
Deduction u/s 10A of the Act	-	-	-	-	-	-
Dividend exempt u/s 10(33), (34) & (35)	-	-	6.25	-	-	-
Profit/(Loss) on Sale of Investments exempt u/s 10(23G)	-	-	-	-	-	-
Other Adjustments	-	-	(2.42)	-	-	-
Penalties - interest on late deposit of TDS	-	-	-	-	-	-
Fee for increase in authorized share capital	-	-	-	-	-	-
Donations	-	(1.02)	-	-	(4.68)	(0.72)
Less: Deduction U/S 80G	-	-	-	-	(1.08)	-
<b>Total Permanent Differences (B)</b>	-	<b>(1.02)</b>	<b>3.83</b>	-	<b>159.74</b>	<b>176.76</b>
<b>Timing Differences (C)</b>						
Difference between tax depreciation and book depreciation	(0.42)	60.05	(9.50)	39.31	54.73	16.05
Expenses capitalized in the books but claimed as revenue expense in Income Tax	-	-	-	-	-	-

Deferred Revenue and Preliminary Expenditure net of claimed in Income Tax	63.68	386.97	-	-	-	-
Statutory duties claimed on paid basis net of reversal of duties claimed in Income Tax in earlier years	-	-	-	(7.75)	(1.36)	(2.00)
Provision in diminution in value of investment accounted for in the books	-	-	-	-	-	-
Disallowance U/s 43B	-	(2.05)	(0.25)	-	-	-
Loss on Sale of Fixed Assets	-	(8.86)	(43.68)	(3.56)	-	-
<b>Total Timing Differences (C)</b>	<b>63.26</b>	<b>436.11</b>	<b>(53.42)</b>	<b>27.99</b>	<b>53.37</b>	<b>14.05</b>
<b>Net Adjustments (B+C)</b>	<b>63.26</b>	<b>435.09</b>	<b>(49.60)</b>	<b>27.99</b>	<b>213.11</b>	<b>190.81</b>
<b>Tax Saving thereon</b>	<b>21.51</b>	<b>147.89</b>	<b>(16.86)</b>	<b>9.42</b>	<b>71.73</b>	<b>69.65</b>
<b>Profit/(Loss) as per Income Tax Returns (D)=(A-B-)</b>	<b>21.60</b>	<b>106.00</b>	<b>480.25</b>	<b>335.58</b>	<b>0.19</b>	<b>0.61</b>
Brought Forward Losses adjusted (E)	(21.60)	(106.00)	(480.25)	(335.58)	-	-
Taxable Income/(Loss) (D+E)	-	-	-	-	0.19	0.61
Taxable Income/(Loss) as per MAT	14.42	541.09	424.40	363.01	2.31	3.10
<b>Tax as per Income tax as returned</b>	<b>-</b>	<b>61.31</b>	<b>48.08</b>	<b>40.73</b>	<b>0.19</b>	<b>0.24</b>
Interest u/s 234	-	-	1.43	0.41	-	-
<b>Total Tax as per return</b>	<b>-</b>	<b>61.31</b>	<b>49.52</b>	<b>41.14</b>	<b>0.19</b>	<b>0.24</b>
Carry forward business loss	973.71	995.31	1,101.31	1,581.55	1,917.13	-
Carry forward depreciation loss	275.21	275.21	275.21	275.21	275.21	-
Carry forward Long Term Capital Loss	6.37	6.37	6.37	6.37	6.37	-
<b>Total carry forward loss as per return of the year</b>	<b>1,255.30</b>	<b>1,276.90</b>	<b>1,382.89</b>	<b>1,863.14</b>	<b>2,198.72</b>	<b>-</b>
Place : Kolkata						
Date : 19 OCT 2009						

**Annexure S**

**Segmental Reporting**

The Company is mainly engaged in the business of IT Enabled services, therefore there is no other business segment to be reported as per AS -17 “Segment Reporting” issued by the ICAI.

For K N Gutgutia & Co.  
Chartered Accountants

Place: Kolkata  
Date: 19 OCT 2009

K C SHARMA  
*Partner*

Membership No.: 50819

**Annexure T: Summary of statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of 123 Greetings.com, Inc.**

Standalone Statement of Assets and Laibilities of 123 Greetings.com, Inc, As Restated						
Particulars	As at					Annexure T (Rupees in Lakhs)
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	38.32	40.44	31.24	31.90	25.97	21.49
Less: Accumulated Depreciation	31.57	32.48	23.04	21.78	19.43	16.57
Net block	6.75	7.96	8.20	10.12	6.54	4.92
Less: Revaluation Reserve						
Net Block after adjustment of revaluation reserve	6.75	7.96	8.20	10.12	6.54	4.92
Capital Work in progress including capital advances						
<b>Total</b>	<b>6.75</b>	<b>7.96</b>	<b>8.20</b>	<b>10.12</b>	<b>6.54</b>	<b>4.92</b>
<b>B. Intangible Assets</b>						
Gross Block	-	-	-	-	-	-
Less: Amortization	-	-	-	-	-	-
Net Block	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Investments</b>	-	-	-	-	-	-
<b>D. Deferred Tax Asset</b>	-	-	-	-	-	-
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	182.65	259.16	265.18	222.52	90.62	162.89
Cash & Bank Balances	56.86	46.27	31.80	65.23	40.55	36.39
Other Current Assets	2.08					
Loans & Advances	13.59	2.17	9.13	7.41	1.79	1.76
<b>Total</b>	<b>255.18</b>	<b>307.59</b>	<b>306.11</b>	<b>295.17</b>	<b>132.96</b>	<b>201.04</b>

<b>F. Liabilities &amp; Provisions</b>						
Current Liabilities & Provisions	193.22	242.08	257.32	245.61	79.53	150.00
Share application money	-	-	-	-	-	-
Secured Loan	-	-	-	-	-	-
Unsecured Loan	-	-	-	-	-	-
<b>Total</b>	<b>193.22</b>	<b>242.08</b>	<b>257.32</b>	<b>245.61</b>	<b>79.53</b>	<b>150.00</b>
<b>G. Deferred Tax Liability</b>						
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>68.71</b>	<b>73.48</b>	<b>56.99</b>	<b>59.68</b>	<b>59.97</b>	<b>55.96</b>
<b>Net Worth represented by:</b>						
<b>I. Equity Share Capital</b>	<b>47.90</b>	<b>50.55</b>	<b>40.16</b>	<b>43.38</b>	<b>44.60</b>	<b>43.74</b>
<b>J. Preference Share Capital</b>	-	-	-	-	-	-
<b>K. Reserves and Surplus</b>						
Share Premium	-	-	-	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-	-
Profit and Loss Account	20.81	22.93	16.83	16.30	15.37	12.22
Any other reserve (other than Revaluation Reserve)						
<b>Total</b>	<b>20.81</b>	<b>22.93</b>	<b>16.83</b>	<b>16.30</b>	<b>15.37</b>	<b>12.22</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>						
<b>L. Net Worth (I+J+K)</b>	<b>68.71</b>	<b>73.48</b>	<b>56.99</b>	<b>59.68</b>	<b>59.97</b>	<b>55.96</b>
Place Kolkata						
Date 19 OCT 2009						

Standalone Statement of Profit and Losses of 123 Greetings.com, Inc, As Restated						
Particulars	Period Ended June 30, 2009	Year ended				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>I. Income</b>						
Operating Income	252.20	1,570.55	1,584.79	1,621.79	1,521.85	1,331.86
Other Income		-	-	-	-	-
<b>Total-A</b>	<b>252.20</b>	<b>1,570.55</b>	<b>1,584.79</b>	<b>1,621.79</b>	<b>1,521.85</b>	<b>1,331.86</b>
<b>II. Expenditure</b>						
Operating Expenses	148.50	593.48	980.17	1,127.87	1,019.12	1,006.20
Administration & Other Expenses	91.14	840.23	413.10	323.41	466.60	288.42
Employee Remuneration & benefits	12.67	130.53	186.63	164.82	30.24	30.42
Finance Charges	-	-	-	-	-	-
Depreciation	0.80	3.17	2.84	2.99	2.52	3.57
Amortization of Deffered Revenue Expendediture		-	-	-	-	-
<b>Total-B</b>	<b>253.11</b>	<b>1,567.41</b>	<b>1,582.74</b>	<b>1,619.09</b>	<b>1,518.48</b>	<b>1,328.61</b>
<b>III. Profit before taxation (A-B)</b>	<b>(0.91)</b>	<b>3.14</b>	<b>2.05</b>	<b>2.70</b>	<b>3.37</b>	<b>3.25</b>
Less: Provision for taxation						
-Current	-	1.56	0.33	1.30	0.47	1.17
-Deferred	-	-	-	-	-	-
-Fringe benefit tax	-	-	-	-	-	-
-MAT Credit Entitlement	-	-	-	-	-	-
<b>IV. Profit After Taxation as per audited statement of accounts (C)</b>	<b>(0.91)</b>	<b>1.58</b>	<b>1.72</b>	<b>1.40</b>	<b>2.90</b>	<b>2.08</b>
Adjustments on account of changes in a accounting policies		-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	-	-	-	-

Tax impact on adjustments	-	-	-	-	-	-
<b>Total adjustments net of tax impact (D)</b>	-	-	-	-	-	-
<b>V. Adjusted profit/(loss)(C+D)</b>	<b>(0.91)</b>	<b>1.58</b>	<b>1.72</b>	<b>1.40</b>	<b>2.90</b>	<b>2.08</b>
Surplus/(Deficit) brought forward from the Previous	19.88	18.80	17.08	15.63	12.73	10.65
<b>VI. Profit available for appropriation</b>	<b>18.97</b>	<b>19.88</b>	<b>18.80</b>	<b>17.08</b>	<b>15.63</b>	<b>12.73</b>
Debenture Redemption Reserve	-	-	-	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-
Special Reserve u/s 451C of RBI Act, 1934	-	-	-	-	-	-
Preference dividend	-	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	-	-	-
Tax on dividend	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>18.97</b>	<b>19.88</b>	<b>18.80</b>	<b>17.08</b>	<b>15.63</b>	<b>12.73</b>
Place Kolkata						
Date 19 OCT 2009						

Standalone Statement of Cash Flows of 123 Greetings.com, Inc, from the Restated Financial Statements							Annexure T (Rupees in Lakhs)
Particulars	Period Ended	Year ended					
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	
A. CASH FLOW FROM OPERATING ACTIVITIES							
Net Profit before taxation and extraordinary items:	(0.91)	3.14	2.05	2.70	3.37	3.25	
Adjustments for:							
Depreciation	0.80	3.17	2.84	2.99	2.52	3.57	
Amortization of Deffered Revenue Expendediture							
Foreign exchange loss	(2.65)	10.39	(2.99)	0.23	1.45	(0.59)	

Loss on sale of fixed assets (net)	-	-	0.01	-	-	-
Loss on sale of investments (net)	-	-	-	-	-	-
Provision for diminution in value of investments	-	-	-	-	-	-
Provisions no longer required, written back	-	-	-	-	-	-
Dividend Received						
Gain on exchange fluctuation	(2.54)	3.03	(1.42)	(0.66)	(0.41)	(0.17)
Finance charges	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-
Provision for doubtful advance	-	-	-	-	-	-
Fixed assets written off	-	-	-	-	-	-
<b>Cash generated from operations before Working Capital Changes</b>	<b>(5.30)</b>	<b>19.73</b>	<b>0.49</b>	<b>5.26</b>	<b>6.93</b>	<b>6.06</b>
Adjustments for:						
Changes in Trade and Other Receivables	76.50	6.02	(42.66)	(131.90)	72.27	33.02
Changes in Trade Payables	(47.11)	(16.55)	12.54	164.83	(70.48)	(36.04)
Changes in Advance and Deposits	(13.50)	6.96	(1.71)	(5.62)	(0.03)	-
<b>Cash generated from/(used in) Operations</b>	<b>10.59</b>	<b>16.17</b>	<b>(31.34)</b>	<b>32.57</b>	<b>8.69</b>	<b>3.05</b>
Taxes paid (net)		(0.42)	(0.33)	(1.25)	(0.47)	(0.47)
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>10.59</b>	<b>15.75</b>	<b>(31.67)</b>	<b>31.32</b>	<b>8.22</b>	<b>2.57</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	-	(1.28)	(1.76)	(6.64)	(4.06)	(1.59)
Sale of Fixed Assets	-	-	-	-	-	-
(Purchase)/Sale of Investments (net)	-	-	-	-	-	-
Change in Capital Work in Progress	-	-	-	-	-	-
Change in Deferred Revenue Expenses	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-
<b>Net Cash from(used in) Investing Activities</b>		<b>(1.28)</b>	<b>(1.76)</b>	<b>(6.64)</b>	<b>(4.06)</b>	<b>(1.59)</b>



<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money						
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	-	-	-	-	-	-
Proceeds in Unsecured Loan	-	-	-	-	-	-
Share Issue Expenses	-	-	-	-	-	-
Finance Charges Paid	-	-	-	-	-	-
Dividend Paid (including dividend distribution tax)	-	-	-	-	-	-
<b>Net Cash from(used in) Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase(decrease) in Cash and Cash Equivalents</b>	<b>10.59</b>	<b>14.47</b>	<b>(33.43)</b>	<b>24.68</b>	<b>4.16</b>	<b>0.98</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>46.27</b>	<b>31.80</b>	<b>65.23</b>	<b>40.55</b>	<b>36.39</b>	<b>35.42</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>56.86</b>	<b>46.27</b>	<b>31.80</b>	<b>65.23</b>	<b>40.55</b>	<b>36.39</b>
Components of cash and cash equivalent						
Cash and cheques on hand	-	-	-	-	-	-
With banks						
On current account	56.86	46.27	31.80	65.23	40.55	36.39
On deposit account restricted	-	-	-	-	-	-
On deposit account unrestricted	-	-	-	-	-	-
Place: Kolkata						
Date 19 OCT 2009						

**Annexure U: Summary of statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of 123 Greetings (Singapore) Pte. Ltd.**

Standalone Statement of Assets and Laibilities of 123 Greetings (Singapore) Pte. Ltd., As Restated						Annexure U (Rupees in Lakhs)
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	As at March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	-	-	-			
Less: Accumulated Depreciation	-	-	-			
Net block	-	-	-			
Less: Revaluation Reserve	-	-	-			
Net Block after adjustment of revaluation reserve	-	-	-			
Capital Work in progress including capital advances	-	-	-			
<b>Total</b>						
<b>B. Intangible Assets</b>						
Gross Block	-	-	-			
Less: Amortization	-	-	-			
Net Block	-	-	-			
<b>Total</b>						
<b>C. Investments</b>	-	-	-			
<b>D. Deferred Tax Asset</b>	-	-	-			
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	2.36	2.18	6.21			
Cash & Bank Balances	32.00	31.66	17.03			
Other Current Assets	-	-	-			

Loans & Advances	0.94		
<b>Total</b>	<b>35.30</b>	<b>33.85</b>	<b>23.24</b>
<b>F. Liabilities &amp; Provisions</b>			
Current Liabilities & Provisions	2.37	1.64	1.86
Share application money	-	-	-
Secured Loan	-	-	-
Unsecured Loan	-	-	-
<b>Total</b>	<b>2.37</b>	<b>1.64</b>	<b>1.86</b>
<b>G. Deferred Tax Liability</b>			
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>32.93</b>	<b>32.21</b>	<b>21.38</b>
<b>Net Worth represented by:</b>			
<b>I. Equity Share Capital</b>	<b>65.94</b>	<b>66.38</b>	<b>58.42</b>
<b>J. Preference Share Capital</b>	-	-	-
<b>K. Reserves and Surplus</b>	-	-	-
Share Premium	-	-	-
Debenture Redemption Reserve	-	-	-
Capital Redemption Reserve	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-
Profit and Loss Account	(33.01)	(34.17)	(37.04)
Any other reserve (other than Revaluation Reserve)	-	-	-
<b>Total</b>	<b>(33.01)</b>	<b>(34.17)</b>	<b>(37.04)</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	-	-	-
<b>L. Net Worth (I+J+K)</b>	<b>32.93</b>	<b>32.21</b>	<b>21.38</b>
Place : Kolkata			
Date 19 OCT 2009			

Standalone Statement of Profit and Losses of 123 Greetings (Singapore) Pte. Ltd., As Restated						
						Annexure U (Rupees in Lakhs)
Particulars	Period Ended	Year Ended				
		June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
I. Income						
Operating Income	3.70	27.07	10.82			
Other Income	-	0.10	-			
Total-A	3.70	27.17	10.82			
II. Expenditure						
Operating Expenses	0.74	13.37	8.88			
Administration & Other Expenses	2.02	6.21	18.29			
Employee Remuneration & benefits	-	-	16.78			
Finance Charges	-	-	-			
Depreciation	-	-	0.76			
Amortization of Deffered Revenue Expenditure						
Total-B	2.76	19.58	44.71			
III. Profit before taxation (A-B)	0.94	7.59	(33.89)			
Less: Provision for taxation	-	-	-			
-Current	-	-	-			
-Deferred	-	-	-			
-Fringe benefit tax	-	-	-			
-MAT Credit Entitlement	-	-	-			
IV. Profit After Taxation as per audited statement of accounts (C)	0.94	7.59	(33.89)			
Adjustments on account of changes in a accounting policies	-	-	-			
Impact on account of material adjustments and prior period items	-	-	-			

Tax impact on adjustments	-	-	-
<b>Total adjustments net of tax impact (D)</b>	-	-	-
<b>V. Adjusted profit/(loss)(C+D)</b>	<b>0.94</b>	<b>7.59</b>	<b>(33.89)</b>
Surplus/(Deficit) brought forward from the Previous year	(26.30)	(33.89)	
<b>VI. Profit available for appropriation</b>	<b>(25.36)</b>	<b>(26.30)</b>	<b>(33.89)</b>
Debenture Redemption Reserve	-	-	-
Transfer to capital redemption reserve	-	-	-
Transfer to General Reserve	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-
Preference dividend	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-
Tax on dividend	-	-	-
Issue of Bonus shares	-	-	-
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>(25.36)</b>	<b>(26.30)</b>	<b>(33.89)</b>
Place : Kolkata			
Date 19 OCT 2009			

Standalone Statement of Cash Flows of 123 Greetings (Singapore) Pte. Ltd., from the Restated Financial Statements						
Particulars	Period Ended	Annexure U (Rupees in Lakhs)				
		Year Ended				
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before taxation and extraordinary items:	0.94	7.59	(33.89)			
Adjustments for:						
Depreciation	-	-	0.76			
Amortization of Deffered Revenue Expensediture	-	-	-			
Foreign exchange loss	-	-				
Loss on sale of fixed assets (net)	-	-	2.63			
Loss on sale of investments (net)	-	-	-			
Provision for diminution in value of investments	-	-	-			
Provisions no longer required, written back	-	-	-			
Dividend Received	-	-	-			
Gain on exchange fluctuation	(0.22)	3.23	(3.15)			
Finance charges	-	-	-			
Interest Received	-	-	-			
Provision for doubtful advance	-	-	-			
Fixed assets written off	-	-				
Cash generated from operations before Working Capital Changes	0.73	10.82	(33.64)			
Adjustments for:						
Changes in Trade and Other Receivables	(0.18)	4.03	(6.21)			
Changes in Trade Payables	0.73	(0.22)	1.86			
Changes in Advance and Deposits	(0.94)					

<b>Cash generated from/(used in) Operations</b>	<b>0.34</b>	<b>14.63</b>	<b>(37.99)</b>
Taxes paid (net)	-	-	-
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>0.34</b>	<b>14.63</b>	<b>(37.99)</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
Purchase of Fixed Assets	-	-	(4.70)
Sale of Fixed Assets	-	-	1.30
(Purchase)/Sale of Investments (net)	-	-	-
Change in Capital Work in Progress	-	-	-
Change in Deferred Revenue Expenses	-	-	-
Interest Received	-	-	-
Dividend Received	-	-	-
<b>Net Cash from / (used in) Investing Activities</b>			<b>(3.40)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from Issue of Shares/Share Application Money			58.42
Refund of Share Application Money	-	-	-
Redemption of Preference Shares	-	-	-
Proceeds in Secured Loan	-	-	-
Proceeds in Unsecured Loan	-	-	-
Share Issue Expenses	-	-	-
Finance Charges Paid	-	-	-
Dividend Paid (including dividend distribution tax)	-	-	-
<b>Net Cash from / (used in) Financing Activities</b>	<b>-</b>	<b>-</b>	<b>58.42</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>0.34</b>	<b>14.63</b>	<b>17.03</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>31.66</b>	<b>17.03</b>	
<b>Cash and Cash Equivalents at the end of the year</b>	<b>32.00</b>	<b>31.66</b>	<b>17.03</b>

Components of cash and cash equivalent			
- Cash and cheques on hand	-	-	-
- With banks			
- On current account	32.00	31.66	17.03
- On deposit account restricted	-	-	-
- On deposit account unrestricted	-	-	-
Place : Kolkata			
Date 19 OCT 2009			



**Annexure V: Summary of statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of One Two Three Greetings (India) Pvt. Ltd.**

Standalone Statement of Assets and Liabilities of One Two Three Greetings (India) Pvt. Ltd., As Restated						Annexure V (Rupees in Lakhs)
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	As at March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	1.65	1.21	0.67	-	-	-
Less: Accumulated Depreciation	0.51	0.43	0.08	-	-	-
Net block	1.14	0.78	0.59	-	-	-
Less: Revaluation Reserve		-	-	-	-	-
Net Block after adjustment of revaluation reserve	1.14	0.78	0.59	-	-	-
Capital Work in progress including capital advances		-	-	-	-	-
<b>Total</b>	<b>1.14</b>	<b>0.78</b>	<b>0.59</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Intangible Assets</b>						
Gross Block		-	-	-	-	-
Less: Amortization		-	-	-	-	-
Net Block		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Investments</b>		-	-	-	-	-
<b>D. Deferred Tax Asset</b>		-	-	-	-	-
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors	254.14	242.52	143.62	26.89	-	-
Cash & Bank Balances	0.10	0.06	4.16	5.63	-	-

Other Current Assets	-	-	-	-	-
Loans & Advances	11.43	15.57	5.81	-	-
<b>Total</b>	<b>265.67</b>	<b>258.15</b>	<b>153.59</b>	<b>32.52</b>	<b>-</b>
<b>F. Liabilities &amp; Provisions</b>					
Current Liabilities & Provisions	119.79	151.64	127.81	22.18	-
Share application money	-	-	-	-	-
Secured Loan	92.30	94.32	-	-	-
Unsecured Loan	40.60	-	15.00	-	-
<b>Total</b>	<b>252.69</b>	<b>245.96</b>	<b>142.81</b>	<b>22.18</b>	<b>-</b>
<b>G. Deferred Tax Liability</b>	<b>0.09</b>	<b>0.10</b>	<b>0.03</b>	<b>-</b>	<b>-</b>
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>14.03</b>	<b>12.87</b>	<b>11.34</b>	<b>10.34</b>	<b>-</b>
<b>Net Worth represented by:</b>					
<b>I. Equity Share Capital</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>-</b>
<b>J. Preference Share Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>K. Reserves and Surplus</b>					
Share Premium	-	-	-	-	-
Debenture Redemption Reserve	-	-	-	-	-
Capital Redemption Reserve	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-
Profit and Loss Account	4.22	3.07	1.56	0.59	-
Any other reserve (other than Revaluation Reserve)	-	-	-	-	-
<b>Total</b>	<b>4.22</b>	<b>3.07</b>	<b>1.56</b>	<b>0.59</b>	<b>-</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	<b>0.19</b>	<b>0.19</b>	<b>0.22</b>	<b>0.25</b>	<b>-</b>
<b>L. Net Worth (I+J+K)</b>	<b>14.03</b>	<b>12.87</b>	<b>11.34</b>	<b>10.34</b>	<b>-</b>
PlaceKolkata					
Date 19 OCT 2009					

Standalone Statement of Profit and Losses of One Two Three Greetings (India) Pvt. Ltd., As Restated						
Particulars	Period Ended June 30, 2009	Year ended				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>I. Income</b>						
Operating Income	103.96	483.76	242.66	24.80	-	-
Other Income		-	-	-	-	-
<b>Total-A</b>	<b>103.96</b>	<b>483.76</b>	<b>242.66</b>	<b>24.80</b>	<b>-</b>	<b>-</b>
<b>II. Expenditure</b>						
Operating Expenses	87.12	425.52	204.69	17.40	-	-
Administration & Other Expenses	5.57	24.73	13.00	2.24	-	-
Employee Remuneration & benefits	6.03	24.74	23.14	4.21	-	-
Finance Charges	3.49	5.55	-	-	-	-
Depreciation	0.08	0.35	0.08	-	-	-
Amortization of Deffered Revenue Expenediture		0.03	0.03	0.03	-	-
<b>Total-B</b>	<b>102.29</b>	<b>480.92</b>	<b>240.94</b>	<b>23.88</b>	<b>-</b>	<b>-</b>
<b>III. Profit before taxation (A-B)</b>	<b>1.67</b>	<b>2.84</b>	<b>1.72</b>	<b>0.92</b>	<b>-</b>	<b>-</b>
Less: Provision for taxation						
-Current	0.52	0.81	0.50	0.31	-	-
-Deferred		0.07	0.03	-	-	-
-Fringe benefit tax		0.45	0.22	0.02	-	-
-MAT Credit Entitalement		-	-	-	-	-
<b>IV. Profit After Taxation as per audited statement of accounts (C)</b>	<b>1.15</b>	<b>1.51</b>	<b>0.97</b>	<b>0.59</b>	<b>-</b>	<b>-</b>
Adjustments on account of changes in a accounting policies		-	-	-	-	-

Impact on account of material adjustments and prior period items	-	-	-	-	-
Tax impact on adjustments	-	-	-	-	-
<b>Total adjustments net of tax impact (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Adjusted profit/(loss)(C+D)</b>	<b>1.15</b>	<b>1.51</b>	<b>0.97</b>	<b>0.59</b>	<b>-</b>
Surplus/(Deficit) brought forward from the Previous year	3.07	1.56	0.59	-	-
<b>VI. Profit available for appropriation</b>	<b>4.22</b>	<b>3.07</b>	<b>1.56</b>	<b>0.59</b>	<b>-</b>
Debenture Redemption Reserve	-	-	-	-	-
Transfer to capital redemption reserve	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-	-	-	-
Preference dividend	-	-	-	-	-
Proposed equity dividend (Interim/Final)	-	-	-	-	-
Tax on dividend	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>4.22</b>	<b>3.07</b>	<b>1.56</b>	<b>0.59</b>	<b>-</b>
Place Kolkata					
Date 19 OCT 2009					

Standalone Statement of Cash Flows of One Two Three Greetings (India) Pvt. Ltd., from the Restated Financial Statements					
Annexure V (Rupees in Lakhs)					
Particulars	Period Ended June 30, 2009	Year ended			
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before taxation and extraordinary items:	1.67	2.84	1.72	0.92	-
Adjustments for:					

Depreciation	0.08	0.35	0.08	-	-	-
Amortization of Deferred Revenue Expendediture		0.03	0.03	0.03	-	-
Foreign exchange loss		-	-	-	-	-
Loss on sale of fixed assets (net)		-	-	-	-	-
Loss on sale of investments (net)		-	-	-	-	-
Provision for diminution in value of investments		-	-	-	-	-
Provisions no longer required, written back		-	-	-	-	-
Dividend Received		-	-	-	-	-
Gain on exchange fluctuation		-	-	-	-	-
Finance charges	3.49	5.55	-	-	-	-
Interest Received		-	-	-	-	-
Provision for doubtful advance		-	-	-	-	-
Fixed assets written off		-	-	-	-	-
<b>Cash generated from operations before Working Capital Changes</b>	<b>5.24</b>	<b>8.77</b>	<b>1.83</b>	<b>0.95</b>	-	-
Adjustments for:						
Changes in Trade and Other Receivables	(11.62)	(98.90)	(116.72)	(26.89)	-	-
Changes in Trade Payables	(31.77)	23.76	105.82	21.99	-	-
Changes in Advance and Deposits	3.85	(3.83)	(0.02)	-	-	-
<b>Cash generated from/(used in) Operations</b>	<b>(34.30)</b>	<b>(70.20)</b>	<b>(9.10)</b>	<b>(3.95)</b>	-	-
Taxes paid (net)	(0.30)	(7.13)	(6.70)	(0.15)	-	-
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>(34.60)</b>	<b>(77.32)</b>	<b>(15.80)</b>	<b>(4.10)</b>	-	-
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	(0.44)	(0.55)	(0.67)	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-
(Purchase)/Sale of Investments (net)	-	-	-	-	-	-
Change in Capital Work in Progress	-	-	-	-	-	-

Change in Deferred Revenue Expenses	-	-	-	(0.28)	-	-
Interest Received	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-
<b>Net Cash from(used in) Investing Activities</b>	<b>(0.44)</b>	<b>(0.55)</b>	<b>(0.67)</b>	<b>(0.28)</b>	<b>-</b>	<b>-</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	-	-	-	10.00	-	-
Refund of Share Application Money	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Proceeds in Secured Loan	(2.02)	94.32	-	-	-	-
Proceeds in Unsecured Loan	40.60	(15.00)	15.00	-	-	-
Share Issue Expenses	-	-	-	-	-	-
Finance Charges Paid	(3.49)	(5.55)	-	-	-	-
Dividend Paid (including dividend distribution tax)	-	-	-	-	-	-
<b>Net Cash from(used in) Financing Activities</b>	<b>35.09</b>	<b>73.77</b>	<b>15.00</b>	<b>10.00</b>	<b>-</b>	<b>-</b>
<b>Net increase(decrease) in Cash and Cash Equivalents</b>	<b>0.05</b>	<b>(4.10)</b>	<b>(1.46)</b>	<b>5.62</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>0.06</b>	<b>4.16</b>	<b>5.62</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>0.11</b>	<b>0.06</b>	<b>4.16</b>	<b>5.62</b>	<b>-</b>	<b>-</b>
Components of cash and cash equivalent						
Cash and cheques on hand	-	-	-	-	-	-
With banks						
On current account	0.11	0.06	4.16	5.62	-	-
On deposit account restricted	-	-	-	-	-	-
On deposit account unrestricted	-	-	-	-	-	-
As per our report attached						
PlaceKolkata						
Date 19 OCT 2009						

**Annexure W: Summary of statement of Assets and Liabilities, Profit & Loss Account, Cash Flow Statement of One Two Three India.com Ltd.**

Standalone Statement of Assets and Laibilities of One Two Three India.com Limited, As Restated						Annexure W (Rupees in Lakhs)
Particulars	June 30, 2009	March 31, 2009	March 31, 2008	As at March 31, 2007	March 31, 2006	March 31, 2005
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block					104.87	104.01
Less: Accumulated Depreciation					98.27	96.13
Net block					6.60	7.88
Less: Revaluation Reserve					-	-
Net Block after adjustment of revaluation reserve					6.60	7.88
Capital Work in progress including capital advances					-	-
<b>Total</b>					<b>6.60</b>	<b>7.88</b>
<b>B. Intangible Assets</b>						
Gross Block					101.41	101.41
Less: Amortization					101.40	101.37
Net Block					0.01	0.04
<b>Total</b>					<b>0.01</b>	<b>0.04</b>
<b>C. Investments</b>					-	-
<b>D. Deferred Tax Asset</b>						
<b>E. Current Assets, Loans and Advances</b>						
Sundry debtors					9.45	6.02
Cash & Bank Balances					132.91	135.53

Other Current Assets	0.18	0.23
Loans & Advances	9.45	9.20
<b>Total</b>	<b>151.99</b>	<b>150.98</b>
<b>F. Liabilities &amp; Provisions</b>		
Current Liabilities & Provisions	7.77	9.23
Share application money	-	-
Secured Loan	-	-
Unsecured Loan	-	-
<b>Total</b>	<b>7.77</b>	<b>9.23</b>
<b>G. Deferred Tax Liability</b>	-	-
<b>H. Net Worth (A+B+C+D+E-F-G)</b>	<b>150.83</b>	<b>149.67</b>
<b>Net Worth represented by:</b>		
<b>I. Equity Share Capital</b>	<b>128.05</b>	<b>128.05</b>
<b>J. Preference Share Capital</b>	-	-
<b>K. Reserves and Surplus</b>		
Share Premium	2,244.28	2,244.28
Debenture Redemption Reserve	-	-
Capital Redemption Reserve	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-
Profit and Loss Account	(2,221.51)	(2,222.67)
Any other reserve (other than Revaluation Reserve)	-	-
<b>Total</b>	<b>22.77</b>	<b>21.61</b>
<b>Less: Miscellaneous Expenditures to extent not written off or adjusted</b>	-	-
<b>L. Net Worth (I+J+K)</b>	<b>150.83</b>	<b>149.67</b>
Place : Kolkata		
Date 19 OCT 2009		



Standalone Statement of Profit and Losses of One Two Three India.com Limited, As Restated						
Particulars	Period Ended June 30, 2009	Year ended				
		Annexure W (Rupees in Lakhs)				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
<b>I. Income</b>						
Operating Income					104.87	151.48
Other Income					6.77	5.30
<b>Total-A</b>					<b>111.64</b>	<b>156.78</b>
<b>II. Expenditure</b>						
Operating Expenses					10.23	12.99
Administration & Other Expenses					32.78	34.25
Employee Remuneration & benefits					65.09	78.62
Finance Charges					-	-
Depreciation					2.17	3.14
Amortization of Deffered Revenue Expenediture						
<b>Total-B</b>					<b>110.27</b>	<b>129.00</b>
<b>III. Profit before taxation (A-B)</b>					<b>1.37</b>	<b>27.78</b>
Less: Provision for taxation						
-Current					-	-
-Deferred					-	-
-Fringe benefit tax					0.21	-
-MAT Credit Entitalement					-	-
<b>IV. Profit After Taxation as per audited statement of accounts (C)</b>					<b>1.15</b>	<b>27.78</b>
Adjustments on account of changes in a accounting policies					-	-

Impact on account of material adjustments and prior period items	-	-
Tax impact on adjustments	-	-
<b>Total adjustments net of tax impact (D)</b>	-	-
<b>V. Adjusted profit/(loss)(C+D)</b>	<b>1.15</b>	<b>27.78</b>
Surplus/(Deficit) brought forward from the Previous year	(2,222.66)	(2,250.45)
<b>VI. Profit available for appropriation</b>	<b>(2,221.51)</b>	<b>(2,222.67)</b>
Debenture Redemption Reserve	-	-
Transfer to capital redemption reserve	-	-
Transfer to General Reserve	-	-
Special Reserve u/s 45IC of RBI Act, 1934	-	-
Preference dividend	-	-
Proposed equity dividend (Interim/Final)	-	-
Tax on dividend	-	-
Issue of Bonus shares	-	-
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>(2,221.51)</b>	<b>(2,222.67)</b>
Place : Kolkata		
Date 19 OCT 2009		

Standalone Statement of Cash Flows of One Two Three India.com Limited, from the Restated Financial Statements						Annexure W (Rupees in Lakhs)
Particulars	Period Ended	Year ended				March 31, 2005
	June 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before taxation and extraordinary items:					1.37	27.78
Adjustments for:						

Depreciation	2.17	3.14
Amortization of Deferred Revenue Expendediture	-	-
Foreign exchange loss	-	-
Loss on sale of fixed assets (net)	-	-
Loss on sale of investments (net)	-	-
Provision for diminution in value of investments	-	-
Provisions no longer required, written back	-	-
Dividend Received	-	-
Gain on exchange fluctuation	-	-
Finance charges	-	-
Interest Received	(6.72)	(4.63)
Provision for doubtful advance	-	-
Fixed assets written off	-	-
<b>Cash generated from operations before Working Capital Changes</b>	<b>(3.19)</b>	<b>26.29</b>
Adjustments for:		
Changes in Trade and Other Receivables	(3.43)	(0.79)
Changes in Trade Payables	(1.67)	(0.46)
Changes in Advance and Deposits	(0.56)	(7.13)
<b>Cash generated from/(used in) Operations</b>	<b>(8.85)</b>	<b>17.91</b>
Taxes paid (net)	0.31	(0.01)
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>(8.54)</b>	<b>17.90</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(0.86)	(6.55)
Sale of Fixed Assets	-	0.12
(Purchase)/Sale of Investments (net)	-	-
Change in Capital Work in Progress	-	-

Change in Deferred Revenue Expenses	-	-
Interest Received	6.77	4.54
Dividend Received	-	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>5.91</b>	<b>(1.88)</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares/Share Application Money	-	-
Refund of Share Application Money	-	-
Redemption of Preference Shares	-	-
Proceeds in Secured Loan	-	-
Proceeds in Unsecured Loan	-	-
Share Issue Expenses	-	-
Finance Charges Paid	-	-
Dividend Paid (including dividend distribution tax)	-	-
<b>Net Cash from / (used in) Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>(2.63)</b>	<b>16.02</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>135.52</b>	<b>119.50</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>132.89</b>	<b>135.52</b>
Components of cash and cash equivalent		
- Cash and cheques on hand	0.05	0.06
- With banks		
- On current account	11.53	9.97
- On deposit account restricted	-	-
- On deposit account unrestricted	121.33	125.50
Place : Kolkata		
Date 19 OCT 2009		

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our consolidated financial condition and results of operations should be read in conjunction with our audited consolidated and standalone financial statements as of and for the three month period ended June 30, 2009 and as of and for the Fiscal years ended March 31, 2009, 2008, 2007, 2006 and 2005 restated in accordance with SEBI Regulations, including the notes thereto. Our restated consolidated and standalone financial statements were prepared in accordance with Indian GAAP and the financials of our Subsidiaries in the United States and Singapore are audited in accordance with United States GAAP and Singapore GAAP respectively. There are significant differences among Indian GAAP, IFRS, US GAAP and Singapore GAAP.*

*Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our Fiscal year ended March 31 of such year. References to "we", "our", and "us" in this section refer to our Company and its Subsidiaries.*

### **Overview**

According to comScore Media Metrix, our Website was the largest (by number of Unique Visitors) electronic greeting cards website in India with a sum total of 1,46,08,169 Unique Visitors during the twelve month period from September 2008 to August 2009. Our website received a total of 22,56,11,000 page views and 19,31,99,000 minutes during this period, according to comScore Media Metrix.

According to comScore Media Metrix, our Website was the second largest (by number of Unique Visitors) electronic greeting cards website in the world with a sum total of 9,14,02,238 Unique Visitors, with an average of 3,94,167 daily visitors and a sum total of 16,00,53,509 visits during the twelve month period from September 2008 to August 2009.

Our Website was listed as the fourth fastest gaining website in the world by comScore MediaMetrix in March, 2008. We were also ranked second in the "Movers & Shakers" section of Alexa.com in December 2006 ranked in accordance with increase in unique users.

According to comScore Media Metrix, during the twelve month period from September 2008 to August 2009, our Website ranked as the No.1 greeting card website worldwide on five months in terms of total Unique Visitors.

Our range of over 20,000 electronic greeting cards, include rich and diverse multimedia content and are designed to cater to varying geographical and religious celebrations, occasions and other events. Our Website is refreshed automatically every 15 minutes. Our Website incorporates a simple and user-friendly interface which allows users to navigate through our electronic greeting cards by occasion, popularity or text, customize them with rich content and music, and send them to any recipient email address at no cost.

We have a team consisting of 16 creative professionals who develop in-house content including artistic, photographic and musical content for our electronic greeting cards.

We use a robust and flexible hardware and software technology platform to ensure that our Website and our electronic greetings services are capable of supporting large and varying numbers of users which may vary significantly due to the occurrence of events like St. Valentine's Day and other significant religious and social events. Our cloud computing based, hosted technology platform hosts our data and applications on remote infrastructure which is scalable and is availed by us as and when required. This enables us to draw upon varying amounts of hardware and software resources to support the varying number of visitors to our Website while preventing wasteful expenditure during times of low user traffic.

In order to increase the reach of our services, we have, over the last two years, associated our Website and electronic greeting card services with popular online networking and software and portals including facebook.com and twitter.com by using applications and accounts which link to our Website. We also seek to use our knowledge of search engine optimization techniques to try and ensure that our

Website is amongst the top few results for relevant search queries on search engines like google.com and bing.com.

Currently, most of our content is in English and we believe that our new feature, 123Greetings Studio, which is currently being tested by a limited number of developers by invitation, will help us expand our reach into new geographies and new user groups since it will enable new content in other languages created by our users to be circulated through our Website, thereby increasing the reach of our Website to users who speak different languages and require different forms of content.

We do not charge our users for accessing and sending electronic greetings and derive our revenues almost entirely from online advertising revenues. We do not use pop-ups, pop-unders and interstitial web-pages for promotions or advertisements. Our Website has received positive reviews from third party evaluation tools which scan our website repeatedly for malicious software including trojans, viruses and backdoors which can damage systems or otherwise be used in identity theft.

We believe in ensuring and safeguarding the privacy of our users and do not use any personally identifiable information in tailoring or developing our content.

Our online advertising revenues are derived from the sale of advertising space on our Website, email based advertisements which we include in the emails that deliver our electronic greeting cards and through advertisements included within our newsletters from our editorial team that is circulated to our subscribers.

Around 78 advertisers advertised with us during the three month period ended June 30, 2009 and 149 advertisers advertised with us during Fiscal 2009. These advertisers have entered into advertising contracts with us for periods ranging from one month to a year. Our advertising model derives revenues mostly on fixed fee models based on price per every thousand times that an advertisement appears on our Website (95.48% for Fiscal 2009 and 98.78% for the three month period ending June 30, 2009) with the remaining through the CPC model and the CPA model.

Our sales and marketing approach involves engaging consultants to reach advertisers directly and also approaching advertiser aggregators.

We derived 89.91% of our revenues from our online advertising activities in Fiscal 2009 and 81.92% during the three month period ending June 30, 2009. We believe that our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website. We are therefore exploring the possibility of offering online gift giving services on our Website.

Most of our revenue comes from overseas markets and specifically the U.S. During the three month period ending June 30, 2009 and in Fiscal 2009, 2008 and 2007, 57.29%, 67.26%, 78.54% and 93.87%, of our operating income were derived from overseas advertisers. This calculation of revenues by advertiser location is based on the Subsidiary which bills the advertiser.

The domain name which our Website uses is owned by our Subsidiary, 123Greetings.com, Inc. We have entered into agreements with each of our Subsidiaries whereby we have agreed to provide certain information technology enabled services including content development and animation, data processing, engineering and design, remote maintenance, support services and website services. We develop content for our Website pursuant to these contracts. Our Company receives its revenues through payments for such services. Our Company also receives additional revenues through certain software development services which we provide to for third parties and advertising revenues which we receive from our other websites.

Our Company was originally incorporated as Regency Extrusions & Plastics Private Limited on February 27, 1996 with the objective of carrying on the business of manufacture, processing, distribution and marketing of polymers, synthetic resins and plastic products including household and industrial articles and office equipment.

On October 21, 1997, the name of our Company was changed to Intrasoft Technologies Private Limited and a fresh certificate of incorporation consequent to change of name was issued on October

29, 1997.

In Fiscal 2009, our consolidated revenue increased by 15.72% and our consolidated and restated net profit increased by 32.84% as compared to the consolidated revenue and consolidated and restated net profit for the Fiscal 2008. In the three month period ending June 30, 2009 our consolidated revenue was 440.25 Lakhs and our consolidated and restated net profit after tax was Rs. 86.23 Lakhs.

In the three month period ending June 30, 2009, we earned Rs. 32.18 Lakhs from advertisement and development services through the operation of 123india.com.

We are a member of NASSCOM and the Electronics and Computer Software Export Promotion Council.

### ***Basis of Consolidation***

The consolidated financial statements of our Company and our Subsidiary companies are prepared under historical cost convention in accordance with the Indian GAAP. The standalone financials of our Subsidiaries are prepared in accordance with the GAAP in their respective jurisdictions.

The Subsidiary companies considered in consolidated financial statements are as follows:

<b>Name of the Subsidiary company</b>	<b>Country of incorporation</b>	<b>Shareholding %*</b>
123Greetings.com, Inc.	USA	100% shareholding by our Company
One Two Three Greetings (India) Private Limited	India	100% shareholding by our Company
123Greetings (Singapore) Pte Limited	Singapore	100% shareholding by our Company

*\*Including beneficial shareholding*

### ***Factors affecting results of operations and financial condition***

The principal factors that we believe affect our results of operations and financial conditions are described below.

#### **Demand for our Website**

Our advertising revenues are, and our e-commerce revenues will be, directly driven by the number of users who access our Website.

We have developed a wide range of over 20,000 electronic greeting cards and create over 6,000 electronic greeting cards annually in order to address the varied and expanding communication needs of our users. We believe that our comprehensive range of content helps our users express themselves on various social and cultural occasions and events and enables us to maintain a group of users who use us repeatedly.

The future demand for our Website by users is dependent upon our ability to provide innovative and relevant content, maintain the availability and responsiveness of our Website, our ability to keep pace with technological changes and provide innovative services, the success of our E-commerce initiative and continued demand for electronic greeting cards by national and international users.

#### **Dependence on the US Market**

A significant proportion of our revenues is derived and is expected to be derived in the future from users and advertisers located in the United States. We are looking to expand our business in Europe, Asia and other geographies where we believe there are significant business expansion opportunities.

In the three month period ended June 30, 2009 and in Fiscal 2009, 2008, 2007 and 2006, 57.29%, 67.26%, 78.54%, 93.87% and 92.74% of our operating income were derived from advertisers located in the United States. This calculation of revenues by advertiser geography is based on the Subsidiary

which bills the advertiser. Consequently, any reduction in advertising spends in the US may significantly reduce or delay our revenues.

### **Operating, Administration and Employee Costs**

A principal component of our expenses is our administration cost which includes cost of revenues including webspace and bandwidth charges, advertisement service charges for our Website features and content development expenses including salaries and expenses of our features and content developers, sales and marketing expenses including salaries for our sales and marketing team, commission on sales and delivery discounts, advertising and marketing expenses, legal and professional fees, travelling and conveyance, general and administrative expenses including salaries for our general employees, electricity and communication expenses, correspondence and related legal and professional fees.

Wage costs in India, including the software development and internet industry, have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals. However, if wages in India continue to increase at a faster rate than in the United States due to competitive pressures, we may experience a greater increase in our costs of people, thereby eroding one of our principal cost advantages over US and other providers in developed countries.

Our gross margin depends in part on the growth of our personnel and administrative expenses, particularly salary increases.

### **Foreign Exchange Rates and Regulations**

Our financial statements under Indian GAAP are reported in Rupees. A substantial portion of our advertising income is generated in US dollars while a large part of our expenses are incurred in Rupees. We expect that a majority of our revenues will continue to be generated in US dollar for the foreseeable future. In three month period ended June 30, 2009 and in Fiscal 2009, 2008, 2007 and 2006, our US dollar denominated revenues represented 57.29%, 67.26%, 78.54%, 93.87% and 92.74% of our operating income respectively. Consequently, our results from operations are affected to the extent the value of the Rupee fluctuates against the US Dollar. In particular, a significant appreciation of the Rupee against the US dollar has the effect of reducing the Rupee value of our foreign currency denominated revenues, thereby adversely affecting our results of operations.

Also, under the FEMA, as amended, an Indian company is required to take all reasonable steps to realise and repatriate into India all foreign exchange earned by our company outside India, in accordance with the rules specified by the RBI. FEMA also imposes certain restrictions on capital account transactions by Indian companies. Although these regulations do not significantly impact our operations at present, there can be no assurance that this will be the case in future periods.

### ***Significant Accounting Policies***

#### **Basis of Accounting and Principals of Consolidation**

- iv. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date of the parent Company i.e. June 30, 2009
- v. The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.
- vi. The financial statements of the parent and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

#### **Fixed Assets:**



Fixed Assets are stated at their original cost including other expenses related to acquisition and installation.

#### **Capital Work-in Progress**

We incur certain expenses towards development of various user technologies. These include salaries paid to our professionals, development expenses and rent. We treat these expenses as Capital Work in Progress until such date as the relevant technologies are made commercially available to our users.

#### **Miscellaneous Expenditure**

We incur certain expenses towards test marketing and development for certain of our technologies. These costs are expended by us on certain marketing activities including hosting and bandwidth charges in order to procure users for the beta versions of our technologies.

These costs include internet based marketing expenses and offline marketing expenses. We treat these expenses as miscellaneous expenditure until such date as the relevant technologies are made commercially available to our users.

This expenditure having the impact on the workings of our Company in subsequent years or benefit of which shall continue in one or more subsequent years and is written off in equal installment in five years starting from the year in which they have been incurred.

#### **Depreciation:**

Depreciation is charged in the accounts on the following basis:

- i. Depreciation on fixed assets is provided on written down value method except for fixed assets of a subsidiary 123Greetings.Com, Inc. which are depreciated on a straight-line method basis on useful lives of assets as estimated by the management.
- ii. Depreciation on assets added / disposed off during the year are provided on pro-rata basis

#### **Investments:**

Long-term Investments are valued at cost less provision for diminution, other than temporary investments, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition.

#### **Recognition of Income and Expenditure:**

Items of Income and expenditure are accounted for on accrual basis.

#### **Foreign Currency Transactions:**

- i. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii. Monetary current assets and monetary current liabilities (other than those converted by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account. The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus".

#### **Employees Benefits:**

- i. Our Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue.
- ii. Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year.

Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial valuation at the end of the year.

#### **Taxation:**

Provision for Income Tax is made on taxable income for the year at current rates. Current tax represents the amount of Income tax payable in respect of taxable income for the year. Deferred tax represents the effect of timing difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent if there is a reasonable certainty that the assets will be realized in future. However where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty with supporting evidences of realization of the assets.

#### **Provisions, Contingent Liabilities, and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

#### **Use of Estimates:**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures related to contingent liabilities and assets as at the balance sheet date and the reported amount of income and expenses during the year. Actual results could differ from those estimates.

#### **Impairment of Assets:**

All assets other than, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount, the impairment are recognized and the assets are written down to the recoverable amount.

#### **Results Of Operations**

##### **Income**

Income from IT Enabled Services consist of our income from online advertising and software development.

The following table shows our Operating Income for the three month period ended June 30, 2009 and for the Fiscal years ended March 31, 2009, 2008, 2007 and 2006.

	Three month period ended June 30, 2009	Fiscal year ended March 31,			
		2009	2008	2007	2006
Operating Income	392.02	2,138.82	1,963.62	1,714.53	1,626.73

*Rs. in Lakhs*

##### **Other Income**

Other income comprises income from interest on deposits, profit on sales of investments and assets, exchange gains, dividends from investments and miscellaneous income.

##### **Expenditure**

Our total expenditure comprises personnel expenses, operating and other expenses, financial expenses and depreciation.

The following table sets out our expenditure as a percentage of our total income for the periods indicated:

*Rs. in Lakhs*

Particulars	For three month period ended June 30, 2009	Fiscal year ended March 31,			
		2009	2008	2007	2006
Total Income	440.25	2,335.15	2,017.86	1,727.68	1,640.95
Expenditure:					
Operating Expenses	67.52	236.63	198.44	255.74	305.82
% of Total Income	15.34%	10.13%	9.83%	14.80%	18.64%
Administration & Other Expenses	140.64	996.39	764.40	521.75	636.70
% of Total Income	31.95%	42.67%	37.88%	30.20%	38.80%
Employee Remuneration & Benefits	67.31	343.28	520.38	434.74	397.69
% of Total Income	15.29%	14.70%	25.79%	25.16%	24.24%
Finance Charges	6.40	6.46	9.11	0.21	0.59
% of Total Income	1.45%	0.28%	0.45%	0.01%	0.04%
Depreciation	42.01	98.41	136.29	144.57	87.20
% of Total Income	9.54%	4.21%	6.75%	8.37%	5.31%
Amortisation of Deferred Revenue Expenditure	28.33	99.80	2.45	0.03	-
% of Total Income	6.43%	4.27%	0.12%	0.00%*	0.00%

\* Below 0.01%

### Personnel expenses

Personnel expenses include salary, allowances, bonuses and incentives of all employees of our Company and its subsidiaries, expenses incurred on staff welfare and benefits, company's contribution to provident, superannuation fund and social security schemes and gratuity expenses.

### Operating and other expenses

Operating and other expenses include expenses incurred by us other than personnel expenses. They broadly include expenses incurred in relation to operations, sales and marketing and general administration such as travelling and conveyance, electricity expenses, internet bandwidth charges, communication expenses, recruitment and training expenses, rent, lease rental charges, insurance, repairs and maintenance, computer consumables, printing and stationery, advertisement expenses, audit fees, foreign exchange loss, books, membership and subscriptions, donations made by our Company and other miscellaneous expenses

### Financial expenses

Financial expenses include interest and related expenses incurred by our Company in connection with automobile loans and overdraft limits availed from the banks and financial institutions.

### Depreciation

Depreciation is provided using the Written Down Value (WDV) method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher except Rs. 3.49 Lakhs have been provided for Fiscal 2009 under straight line method (SLM) followed by one of our subsidiary 123Greetings.Com, Inc.

### Total taxes

Tax expenses comprise current, deferred and fringe benefit tax. Current income tax and Fringe Benefit Tax ("FBT") is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws. Deferred income tax reflects the impact of current year timing differences

between taxable income and accounting income for the year and the reversal of timing differences of earlier years.

Deferred tax is measured based on tax rates and tax laws enacted or substantially enacted at the date of balance sheet. Deferred tax assets are recognized only to the extent there is reasonable certainty the sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **Foreign currency translation and foreign exchange regulations**

For details regarding foreign currency translation, see “Presentation of Financial, Industry and Market Data” on page vii.

### **Restatement**

The restated financial information for the the three month period ended June 30, 2009 and each of the Fiscal years 2009, 2008, 2007 and 2006 has been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act and the relevant SEBI Regulations. The effect of such restatements is that the previous years’ financial information included in this Draft Red Herring Prospectus have been restated to conform with methods used in preparing the latest financial statements, as well as to conform to any changes in accounting policies and estimates.

The total impact of the adjustments to consolidated net profits was Rs. 40.92 Lakhs (Rs. 40.73 Lakhs for Fiscal 2007 and Rs. 0.19 Lakhs for Fiscal 2006).

The principal adjustments to our restated financial statements are as follows

#### **1. Material Regrouping:**

Financial Statements which were elaborative are summarized and regrouped in the restated summary statement for better understanding.

Our Company has started to recognize its MAT credit entitlement in its financial statement as of and for the year ended March 31, 2008. MAT credit entitlement of Rs 89.01 Lakhs included Rs 40.73 Lakhs and Rs 0.19 Lakhs relating to the financial statement as of and for the years ended on March 31, 2007 & March 31, 2006 respectively.

#### **2. Changes in Accounting Policies:**

Our Company has adopted the AS -15 (revised) “Employee Benefits” with effect from April 1, 2007. According to this new accounting policy the gratuity liabilities of the employees has been determined on the principle of Actuarial Valuation principle. Earlier the gratuity liability has been determined on accrual basis.

Leave pay due to employee before April 1, 2007 had been either availed or encashed by the employees. However from April 1, 2007 onwards the employees are entitled to carry forward their due leave to the extent of permitted policy of our Company and our Company had started to recognize its liability of unavailed leave in their financial statement as of and for the year ended March 31, 2008.

### **Three month period ended June 30, 2009**

#### **Income:**

	<i>Rs. in lakhs</i>
	<b>Three month period ended June 30, 2009</b>
Operating Income	392.02

#### **Expenditure:**

Particulars	Three month period ended June 30, 2009
Total Income	440.25
Expenditure:	
Operating Expenses	67.52
% of Total Income	15.34%
Administration & Other Expenses	140.64
% of Total Income	31.95%
Employee Remuneration & Benefits	67.31
% of Total Income	15.29%
Finance Charges	6.40
% of Total Income	1.45%
Depreciation	42.01
% of Total Income	9.54%
Amortisation of Deferred Revenue Expenditure	28.33
% of Total Income	6.43%

### **Income**

In the three month period ended June 30, 2009 our revenue was derived predominantly from online advertising and software development. Our total income in the three month period ended June 30, 2009 was Rs. 440.25 Lakhs.

### **Operating Income**

Income from IT Enabled Services in the three month period ended June 30, 2009 was Rs. 392.02 Lakhs. This primarily consisted of online advertising revenues.

### **Other Income**

Other income in the three month period ended June 30, 2009 was Rs. 48.23 Lakhs. This primarily consisted of interest from fixed deposits.

### **Expenditure**

Our total expenditure in the three month period ended June 30, 2009 was Rs. 352.21 Lakhs. This primarily consisted of cost of revenues, features and content development, sales and marketing, general and administration expenses, depreciation and amortization.

As a percentage of our total income, our total expenditure in the three month period ended June 30, 2009 was 80.00% compared to 76.27 % in Fiscal 2009. This was on account of increase in depreciation.

### **Operating, administration and other expenses**

Our operating and other expenses in the three month period ended June 30, 2009 were Rs. 208.16 Lakhs. This primarily consisted of features and content development, sales and marketing expenses, general and administrative expenses other than employee remuneration and benefits.

### **Personnel expenses**

Our personnel expenses in the three month period ended June 30, 2009 were Rs. 67.31 Lakhs. This primarily consisted of salaries and payment to statutory funds.

### **Finance charges**

Our finance charges in the three month period ended June 30, 2009 were Rs. 6.40 Lakhs. This primarily consisted of payment of interest on overdraft facility.

### **Depreciation**

Our depreciation expenses in the three month period ended June 30, 2009 were Rs. 42.01 Lakhs. The primary factors affecting our depreciation expenses were purchase of fixed assets.

#### **Amortization**

Our amortization expenses in the three month period ended June 30, 2009 were Rs. 28.33 Lakhs. Our amortization expenses consist mainly of expenses incurred towards the marketing of our upcoming features which we amortize over the estimated useful life of our feature, i.e. five years. Our amortization expenses in the three month period ended June 30, 2009 were due to marketing expenses towards upcoming features to make it ready for use.

#### **Net Profit before taxation, exceptional items and prior period**

Due to the factors discussed above, our net profit before taxation in the three month period ended June 30, 2009 was Rs. 88.04 Lakhs.

We have no exceptional items.

#### **Total tax**

There was a direct tax outflow of Rs. 16.23 Lakhs during the three month period June 30, 2009, which is 3.69% of our total income. Our Company is subject to taxation under the provisions relating to MAT of the Income Tax Act. As per the above-mentioned provisions we are entitled to carry forward amounts paid under MAT which may be set off against future tax liabilities.

#### **Net profit, before restatement adjustments**

Due to the above reasons our net profit before restatement adjustments in the three month period ended June 30, 2009 was Rs. 86.23 Lakhs.

Our net profit after restatement adjustments in the three month period ended June 30, 2009 was Rs. 86.23 Lakhs.

#### **Year ended March 31, 2009 compared to year ended March 31, 2008**

##### **Income**

In Fiscal 2009 our revenue was derived predominantly from online advertising. Our total income increased by 15.72 % to Rs. 2,335.15 Lakhs in Fiscal 2009 from Rs. 2,017.86 Lakhs in Fiscal 2008.

##### **Operating Income**

Income from IT Enabled Services increased by 8.92%, to Rs. 2,138.82 Lakhs in Fiscal 2009 from Rs. 1,963.62 Lakhs in Fiscal 2008. This increase was primarily due to increase in our online advertising revenues.

##### **Other Income**

Other income increased by 261.88% to Rs. 196.32 Lakhs in Fiscal 2009 from Rs. 54.25 Lakhs in Fiscal 2008. This increase was primarily due to an increase in Interest earned from fixed deposits with banks which were, in turn, increased due to amounts received pursuant to the investment made by Intel, which we deployed as fixed deposits.

##### **Expenditure**

Our total expenditure increased by 9.19% to Rs. 1,780.97 Lakhs in Fiscal 2009 from Rs. 1,631.07 Lakhs in Fiscal 2008. This was principally due to an increase in operating, selling and general administrative expenses which was partially offset by a decrease in our Personnel Expenses which decreased by 34.03 % to Rs. 343.28 Lakhs in Fiscal 2009 from Rs. 520.38 Lakhs in Fiscal 2008.

As a percentage of our total income, our total expenditure fell by 4.56 % to 76.27 % in Fiscal 2009 from 80.83 % in Fiscal 2008.

#### **Operating, administration and other expenses**

Our operating and other expenses increased by 28.06 % to Rs. 1,233.02 Lakhs in Fiscal 2009 from Rs. 962.84 Lakhs in Fiscal 2008. This was due to an increase in our advertisement serving costs, bandwidth and usage charges and an increase in our advertising and branding expenses.

#### **Personnel expenses**

Our personnel expenses decreased by 34.03 % to Rs. 343.28 Lakhs in Fiscal 2009 from Rs. 520.38 Lakhs in Fiscal 2008. This was due to increased efficiency and change in our technology infrastructure.

#### **Finance charges**

Our finance charges decreased by 29.09 % to Rs. 6.46 Lakhs in Fiscal 2009 from Rs. 9.11 Lakhs in Fiscal 2008. This was due to a repayment of our outstanding unsecured loan.

#### **Depreciation**

Our depreciation expenses decreased by 27.79 % to Rs. 98.41 Lakhs in Fiscal 2009 from Rs. 136.29 Lakhs in Fiscal 2008. This was primarily due to sale of certain redundant fixed assets.

#### **Amortization**

Our amortization expenses increased by 3,973.47 % to Rs. 99.80 Lakhs in Fiscal 2009 from Rs. 2.45 Lakhs in Fiscal 2008. Our amortization expenses consist mainly of expenses incurred towards the marketing of our upcoming content and technologies which we amortize over the estimated useful life of our feature, i.e. five years. Our amortization expenses increased in Fiscal 2009 due to additional marketing expenses incurred towards upcoming content and technology releases.

#### **Net Profit before taxation, exceptional items and prior period**

Due to the factors discussed above, our net profit before taxation increased by 43.27 % to Rs. 554.17 Lakhs in Fiscal 2009 from Rs. 386.79 Lakhs in Fiscal 2008.

We have no exceptional items.

#### **Total tax**

We faced reduced exposure to income tax in Fiscal 2009 as we carried forward unabsorbed losses and depreciation which were taken over by us pursuant to the Scheme of Amalgamation in Fiscal 2007

There was a direct tax outflow of Rs. 82.66 Lakhs in Fiscal 2009, which is 3.54% of our total income as compared to a direct tax outflow of Rs. 33.80 Lakhs in Fiscal 2008, which was 1.68% of our total income. This was due to an increase in our Profit before taxation by 43.27 % in the corresponding period. Our Company is subject to taxation under the provisions relating to MAT of the Income Tax Act. As per the above-mentioned provisions we are entitled to carry forward amounts paid under MAT which may be set off against future tax liabilities.

#### **Net profit, before restatement adjustments**

Due to the above reasons our net profit before restatement adjustments increased by 20.54 % to Rs. 532.82 Lakhs in Fiscal 2009 from Rs. 442.00 Lakhs in Fiscal 2008.

Our net profit after restatement adjustments increased by 32.84 % to Rs. 532.82 Lakhs in Fiscal 2009 from Rs. 401.08 Lakhs in Fiscal 2008.

## **Year ended March 31, 2008 compared to year ended March 31, 2007**

### **Income**

In Fiscal 2008 our revenue was derived predominantly from online advertising. Our total income increased by 16.80 % to Rs. 2,017.86 Lakhs in Fiscal 2008 from Rs. 1,727.68 Lakhs in Fiscal 2007.

### **Operating Income**

Income from IT Enabled Services increased by 14.53% to Rs. 1,963.62 Lakhs in Fiscal 2008 from Rs. 1,714.53 Lakhs in Fiscal 2007. This increase was primarily due to increase in our online advertising revenues.

### **Other Income**

Other income increased by 312.55% to Rs. 54.25 Lakhs in Fiscal 2008 from Rs. 13.15 Lakhs in Fiscal 2007. This increase was primarily due to an increase in Interest earned from fixed deposits with banks which were, in turn, increased due to amounts received pursuant to the investment made by Intel, which we retained as fixed deposits.

### **Expenditure**

Our total expenditure increased by 20.19% to Rs. 1,631.07 Lakhs in Fiscal 2008 from Rs. 1,357.04 Lakhs in Fiscal 2007. This was principally due to an increase in operating, selling and general administrative expenses in Fiscal 2008 as compared to Fiscal 2007.

### **Operating, administration and other expenses**

Our operating and other expenses increased by 23.84 % to Rs. 962.84 Lakhs in Fiscal 2008 from Rs. 777.49 Lakhs in Fiscal 2007. This was due to an increase in our advertisement serving costs, bandwidth and usage charges and an increase in our advertising and branding expenses.

### **Personnel expenses**

Our personnel expenses increased by 19.70 % to Rs. 520.38 Lakhs in Fiscal 2008 from Rs. 434.74 Lakhs in Fiscal 2007. This was due to the result of expansion in our business and increase in headcount and to a lesser extent to a general increase in our employee's salaries.

### **Finance charges**

Our finance expenses increased to Rs. 9.11 Lakhs in Fiscal 2008 from Rs. 0.21 Lakhs in Fiscal 2007. This was primarily due to interest payments on overdraft limit against fixed deposits which we availed in Fiscal 2008.

### **Depreciation**

Our depreciation expenses decreased by 5.73 % to Rs. 136.29 Lakhs in Fiscal 2008 from Rs. 144.57 Lakhs in Fiscal 2007. This was due to the sale of certain redundant fixed assets.

### **Amortization**

Our amortization expenses increased by 8,066.67 % to Rs. 2.45 Lakhs in Fiscal 2008 from Rs. 0.03 Lakhs in Fiscal 2007. Our amortization expenses consist mainly of expenses incurred towards the marketing of our upcoming content and technologies which we amortize over the estimated useful life of our feature, i.e. five years. Our amortization expenses increased in Fiscal 2008 due to marketing expenses incurred towards upcoming content and technology releases.

### **Net Profit before taxation, exceptional items and prior period**

Due to the factors discussed above, our net profit before taxation increased by 4.35 % to Rs. 386.79 Lakhs in Fiscal 2008 from Rs. 370.65 Lakhs in Fiscal 2007.



We have no exceptional items.

#### **Total tax**

We faced reduced exposure to income tax in Fiscal 2008 as we carried forward unabsorbed losses and depreciation which were taken over by us pursuant to the Scheme of Amalgamation in Fiscal 2007. There was a direct tax outflow of Rs. 33.80 Lakhs in Fiscal 2008, which is 1.68% of our total income as compared to a direct tax outflow of Rs. 42.94 Lakhs in Fiscal 2007, which was 2.48% of our total income. This was due to increase in our deferred tax assets to Rs. 18.83 Lakhs in fiscal year 2008 as opposed to Rs. 1.84 Lakhs in Fiscal 2007. Our Company is subject to taxation under the provisions relating to MAT of the Income Tax Act. As per the above-mentioned provisions we are entitled to carry forward amounts paid under MAT which may be set off against future tax liabilities.

#### **Net profit, before restatement adjustments**

Due to the above reasons our net profit before restatement adjustments increased by 34.88 % to Rs. 442.00 Lakhs in Fiscal 2008 from Rs. 327.71 Lakhs in Fiscal 2007.

#### **Net profit, restated**

Our net profit after restatement adjustments increased by 8.86 % to Rs. 401.08 Lakhs in Fiscal 2008 from Rs. 368.44 Lakhs in Fiscal 2007.

#### **Year ended March 31, 2007 compared to year ended March 31, 2006**

##### **Income**

In Fiscal 2007 our revenue was derived predominantly from online advertising. Our total income increased by 5.29% to Rs. 1,727.68 Lakhs in Fiscal 2007 from Rs. 1,640.95 Lakhs in Fiscal 2006.

##### **Operating Income**

Income from IT Enabled Services increased by 5.40% from Rs. 1,714.53 Lakhs in Fiscal 2007 from Rs. 1,626.73 Lakhs in Fiscal 2006. This increase was primarily due to increase in our online advertising revenues.

##### **Other Income**

Other income decreased by 7.59% to Rs. 13.15 Lakhs in Fiscal 2007 from Rs. 14.23 Lakhs in Fiscal 2006. This was primarily due to increase in an interest on fixed deposits negated by a decrease in exchange gain and profit on sale of investments.

##### **Expenditure**

Our total expenditure decreased by 4.97% to Rs. 1,357.04 Lakhs in Fiscal 2007 from Rs. 1,428.00 Lakhs in Fiscal 2006. This was principally due to a decrease in operating expenses, administration expenses and other expenses.

##### **Operating, administration and other expenses**

Our operating and other expenses decreased by 17.51% to Rs. 777.49 Lakhs in Fiscal 2007 from Rs. 942.52 Lakhs in Fiscal 2006. This was due to decrease in general and administrative expenses.

##### **Personnel expenses**

Our personnel expenses increased by 9.32% to Rs. 434.74 Lakhs in Fiscal 2007 from Rs. 397.69 Lakhs in Fiscal 2006. This was due to the result of expansion in our business and increase in headcount and to a lesser extent to a general increase in our employee's salaries.

### Finance charges

Our finance expenses decreased by 64.41% to Rs. 0.21 Lakhs in Fiscal 2007 from 0.59 Lakhs in Fiscal 2006. This was primarily due to decrease in bank charges.

### Depreciation

Our depreciation expenses decreased by 65.79% to Rs. 144.57 Lakhs in Fiscal 2007 from Rs. 87.20 Lakhs in Fiscal 2006. This was due to the sale of certain redundant fixed assets.

### Amortization

Our amortization expenses increased to Rs. 0.03 Lakhs in Fiscal 2007 from Rs. 0.00 Lakhs in Fiscal 2006. Our amortization expenses consist mainly of expenses incurred towards the marketing of our features which we amortize over the estimated useful life of our feature, i.e. five years. Our amortization expenses increased in Fiscal 2007 due to marketing expenses incurred towards upcoming release of new features.

### Net Profit before taxation, exceptional items and prior period

Due to the factors discussed above, our net profit before taxation increased by 74.04% to Rs. 370.64 Lakhs in Fiscal 2007 from Rs. 212.96 Lakhs in Fiscal 2006. Our primary restatement adjustments were material regrouping of financial statements.

We have no exceptional items.

### Total tax

There was a direct tax outflow of Rs. 42.94 Lakhs in Fiscal 2007, which is 2.49% of our total income as compared to a direct tax outflow of Rs. 23.72 Lakhs in Fiscal 2006, which was 1.45% of our total income. This was due to increase in tax rate and net profit before tax. Our Company is subject to taxation under the provisions relating to MAT of the Income Tax Act. As per the above-mentioned provisions we are entitled to carry forward amounts paid under MAT which may be set off against future tax liabilities.

### Net profit, before restatement adjustments

Due to the above reasons our net profit before restatement adjustments increased by 73.42 % to Rs. 327.71 Lakhs in Fiscal 2007 from 188.97 Lakhs in Fiscal 2006.

### Net profit, restated

Our net profit after restatement adjustments increased by 94.77% to Rs. 368.44 Lakhs in Fiscal 2007 from Rs. 189.17 Lakhs in Fiscal 2006.

### Cash Flows

Set forth below is a table of selected, consolidated restated cash flow statement data in the three month period ended June 30, 2009 and for Fiscal 2009, 2008, 2007 and 2006:

	Three month period ended June 30, 2009	Fiscal year ended March 31,			
		2009	2008	2007	2006
Cash generated from/(used in) Operations	87.22	616.95	279.36	455.58	374.41
Cash flow from / (used in) Investing Activities	(125.97)	(935.08)	(433.58)	(483.41)	(239.74)
Cash flow From / (used in) Financing Activities	30.22	180.32	1,952.60	(57.65)	(110.05)
Net increase / (decrease)	(8.53)	(137.80)	1,798.38	(85.47)	24.62

*Rs. in Lakhs*

	Three month period ended June 30, 2009	2009	Fiscal year ended March 31,		
			2008	2007	2006
in Cash and Cash Equivalents					

### **Net cash generated from operating activities**

Our net cash generated from operating activities is principally used for our operating expenses, general and administration expenses and our personnel expenses.

Cash generated from operations for the three month period ended June 30, 2009 was Rs. 104.38 Lakhs. Net Profit before taxation was Rs. 88.04 Lakhs, which was adjusted by Rs. 70.34 Lakhs for depreciation and amortization. Working capital changes had a current period cash flow impact of Rs. (5.32) Lakhs which consisted mainly of decrease in sundry debtors, sundry creditors and advance and deposits.

Cash generated from operations for Fiscal 2009 was Rs. 703.31 Lakhs. Net Profit before taxation was Rs. 554.17 Lakhs, which was adjusted by Rs. 207.07 Lakhs for depreciation, amortization and loss on sale of fixed assets. Working capital changes had a current period cash flow impact of Rs. 69.17 Lakhs which consisted mainly of changes in trade payables which were partially offset by changes in trade and other receivables, and changes in advance and deposits.

Cash generated from operations for Fiscal 2008 was Rs. 338.87 Lakhs. Net Profit before taxation was Rs. 386.79 Lakhs, which was adjusted by Rs. 185.06 Lakhs for depreciation, amortization and loss on sale of fixed assets. Working capital changes had a current period cash flow impact of Rs. (198.43) Lakhs which consisted mainly of changes in changes in trade payables which were partially offset by changes in trade and other receivables, and changes in advance and deposits.

Cash generated from operations for Fiscal 2007 was Rs. 494.17 Lakhs. Net Profit before taxation was Rs. 370.65 Lakhs, which was adjusted by Rs. 148.16 Lakhs for depreciation, amortization and loss on sale of fixed assets. Working capital changes had a current period cash flow impact of Rs. (7.83) Lakhs which consisted mainly of changes in changes in trade payables which were partially offset by changes in trade and other receivables, and changes in advance and deposits.

Cash generated from operations for Fiscal 2006 was Rs. 378.06 Lakhs. Net Profit before taxation was Rs. 212.96 Lakhs, which was adjusted by Rs. 87.20 Lakhs for depreciation. Working capital changes had a current period cash flow impact of Rs. 84.92 Lakhs which consisted mainly of changes in changes in trade payables which were partially offset by changes in trade and other receivables, and changes in advance and deposits.

### **Net cash used in investing activities**

Our net cash used in investing activities was Rs. 125.97 Lakhs in the three month period ended June 30, 2009. This reflected expenditures on fixed assets of Rs. 82.16 Lakhs (including capital work in progress), changes in deferred revenue expenses of Rs. 92.00 Lakhs mainly consisting of purchase of fixed assets, changes in capital work in progress and deferred revenue expenditure set off by Interest received on fixed deposits and dividend income of Rs. 48.19 Lakhs.

Our net cash used in investing activities was Rs. 935.08 Lakhs in Fiscal 2009. This reflected expenditures on fixed assets of Rs. 604.45 Lakhs (including capital work in progress), interest and dividend income of Rs. 150.40 Lakhs, and changes in deferred revenue expenses of 486.74 Lakhs mainly consisting of expenses incurred towards the marketing of our upcoming content and technologies and proceeds from sale of fixed assets amounting to Rs. 5.71 Lakhs.

Our net cash used in investing activities was Rs. 433.58 in Fiscal 2008. This reflected expenditures on fixed assets of Rs. 480.26 Lakhs (including capital work in progress), interest and dividend income of Rs. 29.48 Lakhs, and proceeds from sale of fixed assets of Rs. 17.20 Lakhs.

Our net cash used in investing activities was Rs. 488.41 Lakhs in Fiscal 2007. This reflected expenditures on fixed assets of Rs. 487.18 Lakhs (including capital work in progress), interest income of Rs. 3.85 Lakhs, and proceeds from sale of fixed assets of Rs. 0.20 Lakhs.

Our net cash used in investing activities was Rs. 239.74 Lakhs in Fiscal 2006. This reflected expenditures on fixed assets of Rs. 346.33 Lakhs and interest income of Rs. 11.61 Lakhs.

### **Net Cash generated from / (used in) financing activities**

In the three month period ended June 30, 2009, our net cash from financing activities was Rs. 30.22 Lakhs, which mainly comprised of repayment of Rs. 3.98 Lakhs of our vehicle loan, Rs. 40.61 of inter corporate deposits and interest charge payments of Rs. 6.40 Lakhs.

In Fiscal 2009, our net cash from financing activities was Rs. 180.32 Lakhs, which mainly comprised of Rs. 201.79 Lakhs received from overdraft limit from a bank, repayment of Rs. 15.00 Lakhs of inter corporate deposits and interest charge payments of Rs. 6.46 Lakhs.

In Fiscal 2008, our net cash from financing activities was Rs. 1,952.60 Lakhs, which mainly comprised of Rs. 1,969.69 Lakhs in proceeds from an issuance of Preference shares and equity shares by our company, Rs. 15.00 Lakhs inter corporate deposits which was partially offset by repayment of Rs. 1.52 Lakhs of automobile loans, payment of Rs. 12.12 Lakhs on share issue, payment of Rs. 9.11 Lakhs in interest and distribution of Rs. 9.33 as dividend (including dividend distribution tax).

In Fiscal 2007, our net cash used in financing activities was Rs. 57.65 Lakhs, which mainly comprised of dividend paid (including dividend distribution tax) Rs. 51.31 Lakhs, payment of Rs. 0.21 in interest and repayment of an automobile loan of Rs. 6.13 Lakhs.

In Fiscal 2006, our net cash used in financing activities was Rs. 110.05 Lakhs, which mainly comprised of dividend paid (including dividend distribution tax) Rs. 108.13, payment of Rs. 0.59 in interest and repayment of an automobile loan of Rs. 1.33 Lakhs.

### **Certain Balance Sheet Items**

Set forth below is a table of our selected consolidated balance sheet data as at June 30, 2009 March 31, 2009, 2008, 2007 and 2006:

	<i>Rs.in Lakhs</i>				
	<b>Three month period ended June 30, 2009</b>	<b>2009</b>	<b>As at March 31,</b>		
			<b>2008</b>	<b>2007</b>	<b>2006</b>
Tangible assets (Net)	195.31	192.70	247.63	381.41	407.39
Intangible Assets	1,363.83	1,326.70	778.18	364.79	0.01
Investments (Net) including Capital Work in Progress (CWIP)	100.00	100.00	100.00	100.00	-
Deferred Tax Assets	-	-	-	-	-
Current Assets, Loans and Advances	2,683.06	2,719.82	2,600.63	579.21	436.17
Deferred tax liabilities	21.97	20.67	5.24	27.78	29.61
Current liabilities and provisions	366.53	418.48	172.61	226.98	62.33
Secured Loans	197.81	201.79	-	1.52	7.65
Unsecured Loans	40.61	-	15.00	-	-
<b>Net Worth</b>	<b>3,715.28</b>	<b>3,698.28</b>	<b>3,533.60</b>	<b>1,169.13</b>	<b>710.93</b>

### **Fixed assets**

Our total fixed assets after depreciation were Rs. 1,559.14 Lakhs, Rs. 1519.40 Lakhs, Rs. 1025.81 Lakhs, Rs. 746.20 Lakhs and Rs. 407.40 Lakhs as at June 30, 2009; March 31, 2009; March 31, 2008; March 31, 2007 and March 31, 2006, respectively.

Our fixed assets consist of computers, furniture & fixtures, office equipments, automobiles, and intangible assets.

The value of our tangible fixed assets were Rs. 195.31 Lakhs, Rs. 192.70 Lakhs, Rs. 247.63 Lakhs, Rs. 381.41 Lakhs and Rs. 407.39 Lakhs as at June 30, 2009; March 31, 2009; March 31, 2008; March 31, 2007 and March 31, 2006 respectively.

Our fixed assets included our capital work-in-progress, which was Rs. 1,108.09 Lakhs, Rs. 1,042.32 Lakhs, Rs. 764.94 Lakhs, Rs. 342.78 Lakhs and NIL as at June 30, 2009; March 31, 2009; March 31, 2008, March 31, 2007 and March 31, 2006, respectively. These amounts represent expenses incurred towards content and technologies under development and cost of assets not ready for intended use at the balance sheet date.

### **Intangible Assets**

Our total intangible assets after depreciation were Rs. 255.74 Lakhs, Rs. 284.39 Lakhs, Rs. 13.24 Lakhs, Rs. 22.01 Lakhs and Rs. 0.01 Lakhs as at June 30, 2009; March 31, 2009; March 31, 2008; March 31, 2007 and March 31, 2006, respectively.

The above increases were due to increased costs incurred towards internet based marketing expenses and offline marketing expenses for our upcoming technologies. The above amounts are to be treated as Deferred Revenue Assets until such date as the relevant technologies are made commercially available to our users.

### **Investments**

Our investments mainly consist of Investment in Group Companies of Rs. 100.00 Lakhs. They have stayed constant as at June 30, 2009; March 31, 2009; March 31, 2008 and March 31, 2007. We had no investment in March 31, 2006.

### **Sundry debtors**

Our Sundry debtors consists principally of our advertising clients.

Our sundry debtor amounts as at June 30, 2009; March 31, 2009; March 31, 2008; March 31, 2007 and March 31, 2006, were Rs. 471.12 Lakhs, Rs. 506.53 Lakhs, Rs. 419.47 Lakhs, Rs. 257.71 Lakhs, and Rs. 100.07 Lakhs respectively. The 20.75% increase in sundry debtors from Fiscal 2009 to Fiscal 2008, the 62.77% increase in sundry debtors in Fiscal 2008 as compared to Fiscal 2007 and the 157.53% increase in sundry debtors in Fiscal 2007 as compared to Fiscal 2006 were principally due to increase in revenue.

### **Cash and bank balances**

Bank balances in India comprise cash in hand and balances with banks in current account and deposit account.

Our total cash and bank balances as at June 30, 2009; March 31, 2009; March 31, 2008; March 31, 2007 and March 31, 2006 were Rs. 1,866.39 Lakhs, Rs. 1,874.92 Lakhs, Rs. 2,012.72 Lakhs, Rs. 214.34 Lakhs and Rs. 299.82 Lakhs respectively. The 6.85% decrease in cash and bank balances from Fiscal 2009 to Fiscal 2008 and the 28.51% decrease in cash and bank balances in Fiscal 2007 as compared to Fiscal 2006 were principally due to cash generated and used in operating, investing and financing activities. The 839.03% increase in cash and bank balances in Fiscal 2008 as compared to Fiscal 2007 was due to cash generated from the Intel investment.

### **Other current assets**

Our total other current assets as at June 30, 2009; March 31, 2009; March 31, 2008, March 31, 2007 and March 31, 2006 were Rs. 32.50 Lakhs, Rs. 32.46 Lakhs, Rs. 32.62 Lakhs, Rs. 9.74 Lakhs and Rs. 0.46 Lakhs respectively. The 0.49% decrease in current assets from Fiscal 2009 to Fiscal 2008 was principally due to interest accrued but not due. The 234.91% increase in current assets in Fiscal 2008 as

compared to Fiscal 2007 and the 2017.39% increase in other current assets in Fiscal 2007 as compared to Fiscal 2006 was due to interest accrued but not due from the amounts received pursuant to the investment made by Intel.

### **Indebtedness**

We rely on Rupee denominated secured and unsecured borrowings including overdraft limits and automobile loans. For details of our secured and unsecured borrowings please see “Financial Information” on page 116. As on June 30, 2009, we had Rs. 238.42 Lakhs of debt on our Balance Sheet.

### **Secured Loans**

We had an outstanding secured loan consisting of an overdraft facility of Rs. 197.81 and Rs. 201.79 Lakhs as on June 30, 2009 and March 31, 2009 respectively which was secured against a fixed deposit and automobile loan of Rs. 1.52 Lakhs as on March 31, 2007 and Rs. 7.65 Lakhs as on March 31, 2006. We had no outstanding secured loans as of March 31, 2008.

### **Unsecured Loans**

We had outstanding inter corporate body unsecured loans of Rs. 40.61 Lakhs as on June 30, 2009 and Rs. 15 Lakhs as on March 31, 2008. We had no outstanding unsecured loans as of March 31, 2009, March 31, 2007 and as of March 31, 2006.

### **Contingent Liabilities**

As of June 30, 2009, we had a contingent liability of Rs. 1,25,000 towards a bank guarantee executed in relation to our erstwhile custom bonded warehouse premises in Kolkata.

### **Off-Balance Sheet Arrangements**

We do not have any material off-balance sheet arrangements.

### **Analysis of certain changes**

To our knowledge, there have been no (i) unusual or infrequent events or transactions that have taken place during the last three years, except as disclosed as extraordinary items and fixed assets in this section; (ii) significant economic changes that materially affected or are likely to affect our 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, (iv) future changes in relationship between costs and revenues, (v) material increases due to increased sales volume, introduction of new products or services or increased sales prices, (vi) material changes in the total industry turnover, (vii) publically announced new products or business segment, except as disclosed as our new products and features in “Our Business” on page 54, (viii) seasonality in business, except as disclosed in “Risk Factors” on page x, (ix) significant dependence on few suppliers or customers, or (x) competitive conditions, except as disclosed in “Our Business” on page 54, in this financial year as compared with previous three financial years.

### **Significant economic changes**

There have been no significant economic changes in the past three years that has affected our business except for appreciation of the Indian Rupee against US dollar. The negative effect of this appreciation has been marked during Fiscal 2007 and 2008 as the Rupee appreciation against the US dollar has been significant.

### **Material Recent Developments**

1. Conversion of Preference Shares into Equity shares of our Company;
2. Increase in Authorised Share Capital of our Company;

3. Reclassification of Authorised Share Capital of our Company;
4. Allotment of Shares on conversion of CCPS to Equity;
5. Issue of Bonus Shares; and
6. Allotment of shares on Bonus Issue.

In the opinion of our directors, there has not arisen any circumstances since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings, past penalties or tax liabilities against our Company, our Subsidiaries, our Directors, our Promoters, our Group Companies or any other person whose outcome could have a materially adverse effect of the position of our Company and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, adverse findings as regards compliance with securities laws, defaults in creation of full security as per terms of issue/other liabilities, 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 (1) of Part I of Schedule XIII of the Companies Act) and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries, our Promoters, our Directors or our Group Companies.*

*For details of contingent liabilities of our Company and our Subsidiaries, please refer to the financial statements of our Company and our Subsidiaries on page 108.*

#### **Cases involving our Company**

##### *Notices/Letters issued to our Company*

1. We have received a notice under Section 142 of the Income Tax Act, 1961 dated July 14, 2009 in connection with the assessment of our income tax for the assessment year 2007-08 whereby we were required to produce certain documents before the assessing officer. We have responded to the above notice on July 29, 2009.

#### **Cases involving our Subsidiaries**

##### *Notices/Letters issued to 123Greetings.com, Inc.*

1. 123Greetings.com, Inc. has been issued a patent infringement notice dated December 16, 2005 from a third party wherein it alleged that our Website has been infringing their patented technology in relation to pop up advertisements and requires to obtain a license to use the said technology. We have received no further communications in this regard and do not use any pop up advertisements or related technology on our website.
2. The Office of the Attorney General, Internet Bureau, State of New York acting upon a complaint received by a consumer has issued a letter dated May 6, 2008 to 123Greetings.com, Inc. The complainant alleges that when he logged on to our Website, a message appeared indicating that his visit was the 10,00,000th hit on our Website and the complainant had won a laptop computer. The complainant alleges that to qualify for the gift, he had to answer a survey which was a “high pressure advertising ploy” to try three products and one of the advertisements required the complainant to make a payment of USD 1.95. The Complainant further alleges that upon choosing to try the same, he was charged a sum of USD 59.95 a month. Our Subsidiary in a letter dated July 19, 2006 clarified that the advertisement was placed on our Website by a third party “Trusted Offer” and that the term sheet which was displayed to the user prior to accepting the offer specifically stated that Trusted Offer was to be solely responsible for the offers made through the advertisement. We have received no further communications in this regard. We have not received any response since our reply to the Internet Bureau, Attorney General of the State of New York.
3. The Department of Agriculture, Trade and Consumer Protection, State of Wisconsin acting upon a complaint received by a consumer has issued a letter dated March 19, 2009 to 123Greetings.com, Inc. concerning an unsatisfactory transaction with regard to their business. The complainant alleged that our Subsidiary had published advertisements requiring users to purchase USD 500 gift cards to support circuit city while circuit city was closing all of its stores. In a letter dated April 16, 2009 it was clarified by us that the offer was for a free gift



card on the website of our Subsidiary and that no sales were made pursuant to the same to the concerned user. We have received no further communications in this regard. There is no relationship between our Company and 123Click, Inc.

#### **Cases involving our Promoters**

There are no pending litigations in which the Promoters are involved, defaults to the financial institutions or banks, non- payment of statutory dues and dues towards instrument holders such as debt instruments holders, fixed deposits and arrears on cumulative preference shares, by the Promoters and Group Companies. Further there are no disciplinary actions taken by the Board or recognised Stock Exchanges against the Promoters and Group Companies.

There are no pending litigation, defaults etc in respect of Group Companies with which the Promoters were associated in the past.

#### **Cases involving our Group Companies**

There are no cases involving our Group Companies.

#### **Cases involving our Directors**

There are no cases involving our Directors.

#### **Details of past penalties imposed on our Company or any of our Directors**

There are no past penalties imposed on our Company or any of our Directors

#### **Details of pending proceedings initiated for economic offences against our Company or any of our Directors**

There have been no pending proceedings initiated for economic offences against our Company or any of our Directors.

There are no small scale undertakings or any other creditors to whom our Company owes a sum exceeding Rs. 1,00,000 which is outstanding for more than 30 days.

#### **Material Developments**

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on page 179.

## GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

### Approvals related to the Issue

1. In Principle approval dated [●] from the NSE.
2. In Principle approval dated [●] from the BSE.
3. Approval dated October 12, 2009 from Intel.

### Approvals for the business

#### A. *Approvals from the Reserve Bank of India ("RBI")*

1. Letter bearing reference number 008749 dated March 31, 2008 acknowledging receipt of Form FC GPR filed through HDFC Bank on February 4, 2008 with regard to issue of 2,55,805 compulsorily convertible cumulative participating preference shares and 1000 equity shares to Intel Capital (Mauritius) Limited.
2. Letter bearing approval number CAWRB19990046 dated March 8, 1999 under the FERA, 1973 from the deputy General Manager, RBI allowing total equity direct investment of USD 1,00,000 in a wholly owned subsidiary, Intrasoftware Media Technologies, Inc. in USA (now 123Greetings.com, Inc.).
3. Letter bearing permit number EC.CA.A2 55/10.01.0173/98-99 dated June 10, 1999 from the deputy General Manager, RBI authorising remittance in foreign currency of USD 100,000 towards participation in the equity of Intrasoftware Media Technologies, Inc. (now 123Greetings.com, Inc.).
4. Letter bearing reference number 008748 dated March 31, 2008, received by our Company acknowledging receipt of Form FC GPR with regard to issue of equity shares at Rs. 10 each at par on amalgamation at par to foreign residents of the amalgamating company.
5. Letter bearing reference number CA.EC.316/10.05.0120/99-2000 dated March 31, 2000 from the RBI allotting an export license number RL 13/61/10.05.0120/99-2000 dated March 29, 2000 authorising HDFC Bank to export from India shares/securities to the USA. The export license was valid till April 29, 2000. The license was issued subject to the condition that the shares/securities should be received back in India within a period of two months duly transferred. The share certificate was received by our Company on May 26, 2000.
6. Letter bearing reference number FE.CO.OID 20109/19.09.429/2007-2008 dated February 26, 2008 from the General Manager, RBI allotting an identification number CAWAZ20070381 to the wholly owned subsidiary of our Company, 123Greetings (Singapore) Pte Limited, to be set up in Singapore under the automatic route. Our Company has filed the overseas direct investment form.

#### B. *Company specific approvals*

1. Certificate of incorporation of Regency Extrusions and Plastics Private Limited, issued by the Registrar of Companies, West Bengal at Kolkata bearing certificate number 21-77641, dated February 27, 1996 certifying that Regency Extrusions and Plastics Private Limited was incorporated under the Act as a private limited company.

2. Fresh certificate of incorporation issued by the Registrar of Companies, West Bengal at Kolkata bearing certificate number 77641 dated October 29, 1997 certifying change in the name of the Company from 'Regency Extrusions and Plastic Private Limited' to 'Intrasoft Technologies Private Limited'.
3. The Company on amalgamation with One Two Three India.com Limited became a deemed public company with effect from July 6, 2000. Further the Company converted into a private limited company under the Act with effect from March 13, 2002.
4. Fresh certificate of incorporation issued by the Registrar of Companies, West Bengal at Kolkata bearing CIN U24133WB1996PLC077641 dated October 16, 2007 certifying change of name of the Company from 'Intrasoft Technologies Private Limited' to 'Intrasoft Technologies Limited' consequent upon change of name on conversion of Company from private limited company to a public limited company.
5. Certificate bearing Importer Exporter Code 0296016560 dated November 15, 1996 from the Zonal Joint Director of Foreign Trade, Ministry of Commerce and Industry.
6. *Taxation related approvals and licenses*
  - i. The Company has obtained a professional tax registration number RCS1170112/4040 dated April 24, 2001 under the West Bengal State Tax on Professions, Trades Calling and Employments Act, 1979 from the Profession Tax Officer, Kolkata.
  - ii. The Company has obtained a professional tax registration number 1/1/27/20278 dated April 26, 2007 under the Maharashtra State Tax on Professions, Trades Calling and Employments Act, 1975 from the Profession Tax Officer, Mumbai.
  - iii. The Company has obtained a service tax code AAACI5273NST001 dated July 20, 2007 from the Superintendent Service Tax, Central Excise Department, Kolkata.
  - iv. The Tax Deduction Account Number ("TAN") of the Company is CALR02817D.
  - v. The Permanent Account Number ("PAN") of the Company is AAACI5273N.
7. *Labour law registrations*
  - i. The Company has obtained provident fund registration number R-ENF/SPL/WB/CA/34325/479 dated December 24, 1999 which is effective from May 1, 1998 from Regional Provident Fund Commissioner, West Bengal.
  - ii. The Company has obtained employer's code number N/41-22968-102/INS-BSVI dated January 11, 2000 under the Employees State Insurance Corporation, Kolkata.
8. *Municipal approvals*
  - i. The Company has registered as a commercial establishment under the West Bengal Shops and Establishments Act, 1963 bearing registration number C/Tolly/PII/37162 dated January 24, 2001. This license to operate as a commercial establishment is valid till January 23, 2010.
  - ii. The Company has registered as a commercial establishment under the Bombay Shops and Establishment Act, 1948, bearing registration number 760006941 dated April 25 2007. The registration is valid till December 31, 2009.
  - iii. The Company has obtained a trade license under the West Bengal Fire Services Act, 1950 bearing demand number 408716000241 dated December 11, 2008 from the Kolkata Municipal Corporation (License Department). This license is valid till December 11, 2009.

**C. *Premises specific approvals***

1. *Software Technology Park of India (“STPI”) related approvals*
  - i. Letter of permission bearing STPC:DIR:313:2000-01: 865 dated January 16, 2001 issued by the Director STPI, Calcutta and renewed vide letter STPK:DIR:313:2005-06:1567 dated January 16, 2006 issued by the Director, STP, Calcutta permitting our Company to set up a STP unit under the STPI Scheme of the Government of India for the purpose of development of computer software. The approval is valid till January 16, 2011.
  - ii. Green card bearing reference number STPC/113/2001 dated February 23, 2001 from the Designated Officer for Secretary to the Government of India, Ministry of Information Technology and Chairman Inter Ministerial Standing Committee on Software Technology Park Scheme in respect of the the premises of Intrasoftware Technologies Private Limited at, Five, Lake Temple Road, Kolkata 700029, West Bengal, India. This card is valid till January 16, 2011.
  - iii. Agreement entered into on January 30, 2006 for a period of five years between Intrasoftware Technologies Private Limited and the Government Software Technology Park, Kolkata for earning foreign exchange by exporting 100% of the production of export product (computer software).

2. *Customs Approvals*

- i. The Company has obtained license number 251 bearing F.NO: S41-14/2002 IB dated March 11, 2003 for storage of computer and peripherals for its warehouse situated at Five, Lake Temple Road, First Floor, Kolkata from the Office of the Commissioner of Customs, Custom House, Kolkata which was valid till December 31, 2002. The Company has obtained a renewed license bearing number 103 vide letter dated April 7, 2003 which is valid till January 15, 2006. Further the Company has renewed the license and the same is valid till December 15, 2009.
- ii. The Company has received custom bond acceptance FN B:S41-14/2002 I/B dated March 11, 2002 for an amount of Rs. 25,00,000, from the Deputy Commissioner of Customs, Import Bond, Custom House, Kolkata.

**D. Approvals for our Subsidiaries**

1. Certificate of incorporation for Intrasoftware Media Technologies, Inc (now 123Greetings.com, Inc) issued by the State of Delaware Office of the Secretary of the State certifying that Intrasoftware Media Technologies, Inc was incorporated on May 27, 1999 and has been allotted a taxpayer identification number 11-3491429. On August 31, 1999, the name of the company was changed to 123Greetings.com, Inc. It has its registered office at 1674 Broadway, Suite 403, New York, NY 10019, United States of America.
2. Certificate of incorporation for One Two Three Greetings (India) Private Limited, issued by the Registrar of Companies, Mumbai bearing CIN U72900MH2007PTC167426 certifying that One Two Three Greetings (India) Private Limited is incorporated under the Act as a private limited company on January 31, 2007. It has its registered office at A-502, Prathamesh, Raghuvanshi Mills Limited Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India.
3. Certificate of incorporation for 123 Greetings (Singapore) Pte Limited issued by the Accounting and Corporate Regulatory Authority bearing company number 200706172G certifying that 123 Greetings (Singapore) Pte Limited is incorporated under the Companies Act (Cap.50) as a private company limited by shares on April 12, 2007. It has its registered office at 391B, Orchard Road, #113-09, Ngee Ann City Tower B, Singapore 238874.

**E. Industry Membership**

1. The Company has registered as a member with the Electronics and Computer Software,

Export Promotion Council bearing membership number 02:E &CSEPC:DEL:REG:3386 CALCUTTA: 1999-2000 dated January 18, 1999. The Company has renewed its membership and the same is valid till March 2010.

2. The Company has registered as a member with the National Association of Software and Services Companies ("**NASSCOM**") bearing membership number NSCM/1998/27/0227 which is valid upto March 2010.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by a resolution of our Board dated October 12, 2009.

The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on October 15, 2009.

### Prohibition by SEBI

Our Company, Promoters, Promoter Group, Directors, Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

### Prohibition by RBI

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Subsidiaries, nor our Directors, have been declared as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

### Eligibility for the Issue

Our Company is an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI Regulations and is, therefore, required to meet the conditions detailed in Regulation 26(2) of the SEBI Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(2) of the SEBI Regulations, which states as follows:

*“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:*

*(a)(i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers;*

***or***

*(a) (ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;*

*(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;*

***or***

*(b) (ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:*

*(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent;*

*(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent of the proposed issue.”*

Our Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2009 are set forth below:

Particulars	As at (Rupees in Lakhs)				
	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Distributable profits <sup>(1)</sup>	1288.02	765.22	389.26	267.53	237.04
Net worth <sup>(2)</sup>	3,686.90	3,551.07	1,152.26	676.31	577.10
Net tangible assets <sup>(3)</sup>	2,360.19	2,772.89	787.46	676.32	577.10
Monetary Assets	1,829.38	1,992.35	153.22	126.63	103.53
Monetary assets as a % of Net tangible assets	77.51%	71.85%	19.46%	18.72%	17.94%

<sup>(1)</sup> 'Distributable profits' have been defined in terms of Section 205 of the Companies Act.

<sup>(2)</sup> 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditures, if any.

<sup>(3)</sup> 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

Our Company will comply with Regulation 26(2)(a)(i) of the SEBI Regulations and at least 50% of the Issue is proposed to be allotted to QIBs.

Our Company will comply with the first proviso to Regulation 43(2)(c) of the SEBI Regulations; accordingly, not less than 15% and 35% of the Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.

Our Company will comply with Regulation 26(2)(b)(i) of the SEBI Regulations and the post-Issue face value capital of our Company shall be Rs1,103.17 Lakhs which is more than the minimum requirement of Rs. 1,000 Lakhs.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, our Company is eligible for the Issue under Regulation 26(2) of the SEBI Regulations.

#### Disclaimer Clause of SEBI

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. 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 THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, COLLINS STEWART INGA PRIVATE LIMITED AND ANAND RATHI ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS**

**PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, COLLINS STEWART INGA PRIVATE LIMITED AND ANAND RATHI ADVISORS LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 2, 2009 WHICH READS AS FOLLOWS:**

**“WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - (a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS;**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID;**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS;**
- 5. 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 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 THE BOARD TILL THE DATE**



**OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;**

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE- NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:  
(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND  
(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH**

**SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act 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 BRLMs, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

**Caution - Disclaimer from the Company and the BRLMs**

Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site [www.123greetings.com](http://www.123greetings.com), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Agreement entered into amongst the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither we nor the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire

Equity Shares of our Company.

#### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, 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 applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our 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, 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.**

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

#### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus

to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, West Bengal at Nizam Palace 2nd, MSO Building, 2nd Floor, 234/4 AJC Bose Road, Kolkata 700 020, India.

### **Listing**

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our 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 our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalisation of the Basis of Allotment for the Issue.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 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.”**

### **Consents**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to our Company and Bankers to the Issue; and (b) the BRLMs, Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Counsel to Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, K.N. Gutgutia & Co., Chartered Accountants, have given their written consent to the inclusion of their financial report as well as report in relation to tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

## Expert Opinion

Other than as stated above, our Company has not obtained any expert opinions.

## Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] Lakhs. The expenses of this Issue include, among others, underwriting and management fees, SCSB's commission/ fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

Rs. in Lakhs			
Activity	Expenses *	As percentage of total expenses	As percentage of total issue size
Lead management fee and underwriting commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
IPO Grading Fees	[●]	[●]	[●]
Registrar's Fees	[●]	[●]	[●]
Fees to the Legal Advisors	[●]	[●]	[●]
Others	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* To be completed after finalisation of issue price

## Fees Payable to the BRLMs

The total fees payable to the BRLMs will be as per the Agreement dated October 30, 2009 with the BRLMs, issued by our Company, a copy of which is available for inspection at our registered office.

## Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the Agreement between our Company and the Registrar to the Issue dated October 16, 2009.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

## IPO Grading

This Issue has been graded by [●] and has been assigned a grade of [●] indicating [●], through its letter dated [●]. For details in relation to the Report of the Grading Agency, please see "Annexure" on page 315.

## Disclaimer of IPO Grading Agency: [●]

## Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

## Previous Rights and Public Issues

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

**Previous issues of shares otherwise than for cash**

Except as disclosed in “Capital Structure” on page 28, our Company has not made any previous issues of shares for consideration otherwise than for cash.

**Previous capital issue during the previous three years by listed Group Companies, Subsidiaries and associates of our Company**

None of the Group Companies, associates and Subsidiaries of our Company are listed on any stock exchange.

**Companies under the same management**

No company under the same management (within the meaning of Section 370(1)(B) of the Companies Act) as us has made any capital issue during the last three years.

**Promise v. Performance**

Neither our Company nor our Subsidiaries or Group Companies have made any previous rights or public issues,

**Outstanding Debentures, Bond Issues, or Preference Shares**

There are no outstanding debentures, bond issues or preference shares of our Company.

**Stock Market Data for our Equity Shares**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

**Disposal of Investor Grievances**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Rajendra Kumar Chotia, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

5th Floor, 145, Rash Behari Avenue  
Kolkata 700 029, West Bengal, India  
Tel: +91 33 2464 3306  
Fax: +91 33 2464 6584  
E-mail: ipo@itlindia.com

**Change in Auditors**

There have been no changes in the auditors of our Company in last three years.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised our reserves or profits during the last five years, except as disclosed in “Capital Structure” on page 28.

**Revaluation of Assets**

Our Company has not re-valued its assets in the last five years.

**Servicing Behaviour**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## **SECTION VII: ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, regulations, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI, FIPB and/or other authorities, as in force and to the extent applicable.

#### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “Main Provisions of Our Articles of Association” on page 263.

#### **Mode of Payment of Dividends**

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

#### **Face Value and Issue Price**

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

#### **Price Band**

The Price Band shall be from Rs. [●] to Rs. [●] per Equity Share of face value of Rs. 10 each.

#### **Compliance with SEBI Regulations**

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement to be executed with the Stock Exchanges and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, transfer, transmission and lien and/or consolidation/splitting, see “Main Provisions of Our Articles of Association” on page 263.

#### **Market Lot and Trading Lot**



In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per existing SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For further details see “Issue Procedure – Basis of Allotment” on page 242.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue 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 holder of 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 choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective DP of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

### **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 or 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.

### **Bidding Period**

Bidders may submit their Bids only in the Bidding Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●].

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 100% of the Issue through this Draft Red Herring Prospectus including devolvement of Underwriters within 60 (sixty) days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If

there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 50% of the Issue cannot be Alloted to QIBs, then the entire application money will be refunded forthwith.

Further in terms of Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

**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.**

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States.**

#### **Arrangement for Disposal of Odd Lots**

Our Company's Equity Shares will be traded in dematerialized form only and the marketable lot is of one Equity Share, hence there is no possibility of odd lots.

#### **Restriction on Transfer of Shares**

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as disclosed in our Articles. See "Main Provisions of our Articles of Association" on page 263.

## ISSUE STRUCTURE

The present Issue of 37,00,000 Equity Shares for cash at a price of Rs. [●] including a premium of Rs. [●] per Equity Share aggregating Rs. [●] Lakhs is being made through the Book Building Process. The Issue will constitute 25.12% of the fully diluted post Issue paid up capital of our Company.

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares available for allocation	At least 18,50,000 Equity Shares	Not less than 5,55,000 Equity Shares available for allocation or Issue Size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 12,95,000 Equity Shares available for allocation or Issue Size less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	At least 50% of the Issue shall be allocated to QIBs. However, at least 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.	Not less than 15% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 92,500 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 17,57,500 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue size, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue size subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial	Eligible NRIs, Resident	Individuals (including

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, other than FIIs sub-accounts who are foreign corporate or foreign individuals, 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 (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs and pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India	Indian individuals, HUFs (applying in the name of Karta), minors applying through their natural/legal guardian, companies, corporate bodies, scientific institutions societies and trusts.	HUFs, Eligible NRIs, minors applying through their natural / legal guardian) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLMs.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members <sup>#</sup>
Margin Amount	At least 10% of Bid Amount <sup>***</sup>	Full Bid Amount on bidding	Full Bid Amount on bidding

<sup>#</sup> In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

**\*\* The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allotted to QIBs, the entire application monies will be refunded. 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 our Company, in consultation with the BRLMs, and the Designated Stock Exchange.**

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

**\*\*\* After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.**

## **Withdrawal of the Issue**

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

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with SEBI.

#### **Letters of Allotment or Refund Orders**

Our Company shall facilitate and shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date.

#### **Interest in case of delay in dispatch of Allotment Letters/Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our 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 or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and
- Our 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 or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **Bidding Programme**

<b>BID/ISSUE OPENS ON</b>	<b> ● </b>
<b>BID/ISSUE CLOSES ON</b>	<b> ● </b>

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on

the Bid/Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Members shall not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company in consultation with the BRLMs reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the Red Herring Prospectus or as notified two working days prior to the opening of the bid in the newspapers in which the pre issue advertisement was released, as the case may be, and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional Business Days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the members of the Syndicate.**

## ISSUE PROCEDURE

### Book Building Procedure

This Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be made available for allocation on a proportionate basis to QIBs, including 5% of the QIB Portion, which shall be made available for allocation to Mutual Funds only. Further, not less than 35% of the Issue shall be made available for allocation on a proportionate basis to the Retail Individual Bidders, and not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional 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 our Company, in consultation with the BRLMs and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with the BRLMs 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 and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. Bid cum Application Forms which do not have details of the Bidders' depository account shall be treated as incomplete and rejected. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	[●]
Non-Residents, Eligible NRIs, FVCIs, FIIs, registered multilateral and bilateral development financial institutions on a repatriation basis	[●]

The physical ASBA Bid cum Application form shall be [●] in colour.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. The ASBA Bidders can only provide one Bid in the ASBA Bid cum Application Form at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

### **Who can Bid?**

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or a foreign individual under the QIB Category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorised under their constitution to hold and invest in equity shares;
- National investment fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Multilateral and Bilateral Development Financial Institutions; and
- Persons otherwise eligible to invest under all applicable laws, rules, regulations & guidelines.

*Note: As per existing regulations, OCBs cannot participate in the Issue.*

### **Participation by associates of the BRLMs and the Syndicate Members**



The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

**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.**

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 92,500 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

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 by Eligible NRIs**

Eligible NRIs are required to comply with the following:

1. Bid cum application forms ([●] in colour) have been made available for Eligible NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.
2. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians ([●] in colour) and shall not use the form meant for the non-resident category.
3. In accordance with the SEBI Regulations, NRIs cannot subscribe to this Issue under the ASBA process.

#### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The Issue of Equity Shares to a single FII should not exceed 10% of our post-issue issued capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 (“**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

*As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:*

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors respectively registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

**The above information is given for the benefit of the Bidders. Our Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.**

### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share 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 over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given to the Retail Individual Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Regulations, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a

revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

**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 laws, rules, guidelines, approvals, or regulation or as specified in this Draft Red Herring Prospectus.**

#### **Information for the Bidders:**

- (a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
- (c) Our Company, the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation.
- (d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- (e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

#### **Method and Process of Bidding**

- (a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the Book Running Lead Managers and advertised at least two working days prior to the Bid/Issue Opening Date in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation.
- (b) The Bidding Period shall be for a minimum of three working days and not exceeding 10 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be widely disseminated by notification to SCSBs, BSE and NSE, and will be published in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.

- (c) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “Bids at Different Price Levels” below, 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/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (d) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the “Build up of the Book and Revision of Bids” on page 229.
- (e) During the Bidding period, Bidders may approach the members of the Syndicate or their authorized agent to submit their Bid. Every member of the Syndicate shall accept bids from Bidders 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.
- (f) 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. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. It is the responsibility of the Bidder to obtain the TRS from the member of the Syndicate.
- (g) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under “Terms of Payment and Payment into the Escrow Account(s)” on page 227.
- **Bids at Different Price Levels (Not applicable to ASBA Investors)**
  - (a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Rupee 1.
  - (b) Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with the SEBI Regulations. The Cap Price cannot be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed in the Red Herring Prospectus or as disclosed two days prior to the Bid/Issue Opening Date, as the case may be.
  - (c) 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 days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs, Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Bengali language, and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
  - (d) Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of or intimation to the Bidders.
  - (e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may Bid at Cut-off

**Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**

- (f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders 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 who Bid at Cut-off Price shall receive the refund of the excess amounts from the Refund Account(s).
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants 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. 1,00,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).
- (i) Our Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

#### **Terms of Payment and Payment into the Escrow Account(s)**

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the “Issue Procedure-Payment Instructions” on page 236, 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 invest/money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the Syndicate Member. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application form

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 equivalent to the size of the Issue from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account with the 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. No later than 15 days from the Bid/Issue Closing Date, the Refund Banker(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 “Issue Structure” on page 217. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares

transferred 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. If the payment is not made favouring the Escrow Account(s) within the time stipulated above, the Bid of the Bidder is liable to be cancelled. 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 lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **Electronic Registration of Bids**

- (a) The Members of the Syndicate will register the Bids received, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
- (d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bidding Period.
- (e) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
  - Investor Category – Individual, Corporate, Eligible NRI, FI, FII, or Mutual Fund, QIBs, etc.
  - Numbers of Equity Shares Bid for.
  - Bid Amount.
  - Bid cum Application Form number.
  - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
  - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company.

- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In the case of QIB Bidders in the QIB Portion, 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 Individual Bidders, Bids would not be rejected except on the technical grounds listed in the “Issue Procedure-Grounds for Technical Rejections” on page 239.
- (i) The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the Stock Exchanges and the members of the Syndicate, the decision of the BRLMs 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 Stock Exchanges mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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.
- (e) 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.
- (f) 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 Draft Red Herring Prospectus. In case of QIB Bidders in the QIB Portion, 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.

- (g) 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.**
- (h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the Stock Exchanges and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

#### **Price Discovery and Allocation**

- (a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.
- (b) Our Company in consultation with the BRLMs shall finalise the Issue Price.
- (c) Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be met with spill over from any other category at the sole discretion of our Company and in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- (d) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines, approvals and the terms and conditions stipulated by the FIPB and RBI, while granting permission for Allotment of Equity Shares to them in this Issue.
- (e) The BRLMs, in consultation with our Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, but before the Allotment, without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders bidding in the QIB Portion shall not be allowed to withdraw their Bid after the closure of the Bidding.
- (g) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs bidding in the QIB Portion, if any will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
- (h) The Allotment details shall be put on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and RoC Filing**

- (a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) /Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by our Company 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.

- (c) We will file a copy of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

#### **Announcement of pre-Issue Advertisement**

Subject to the provisions of section 66 of the Companies Act, 1956, our Company shall, after registering the Red Herring Prospectus with the Registrar of Companies, make a pre-issue advertisement in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper at the place where the registered office of the issuer is situated, each with wide circulation.

#### **Advertisement regarding Issue Price and Prospectus**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national daily newspaper, a Hindi national daily newspaper and one regional language newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of CAN**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs 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 in the QIB Portion may be done simultaneously with or prior to the approval of the basis of Allotment for the Retail and Non-Institutional Bidders. However, investors should note that our 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 BRLMs or the Syndicate Members 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. QIB Bidders who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) 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(s). 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 “*Notice to QIBs: Allotment Reconciliation and Revised CANs*” as set forth below

#### **Notice to QIBs bidding in the QIB Portion: Allotment/Transfer Reconciliation and Revised CAN**

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. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, 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 Regulations, 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.

### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued, transferred 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 the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

### **General Instructions**

#### ***Do's:***

- (a) Check if you are eligible to apply;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour) or Non-Resident Bid cum Application Form ([●]in colour), as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that DP account is activated;
- (f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (g) Ensure that you have been given a TRS for all your Bid options;
- (h) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (i) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act;
- (j) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (k) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is

also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

***Don'ts:***

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Amount in cash, by money order, by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- (i) Do not bid at Bid amount exceeding Rs. 1,00,000 in case of Bid by a Retail Individual Bidder; and
- (j) Do not submit the Bid without the QIB margin, in case of bids by QIB.

**Instructions for Completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate or the Registered Office of our Company or the Registrar to the Issue.

**Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable. ([●] for Resident Indians and Eligible NRIs applying on a non-repatriation basis, [●] colour for Eligible NRIs, FVCIs and FIIs applying on a repatriation basis and [●] for ASBA Bidders.)
- (b) 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.
- (c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (d) For Non-Institutional Bidders and QIB Bidders bidding in the QIB Portion (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot

be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations. QIBs bidding in the QIB Portion cannot withdraw their Bid after the Bid/Issue Closing Date.

- (e) Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI 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 Eligible NRIs) or their nominees.
- (f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.
- (g) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's Bank Details**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, the Registrar to the Issue nor the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

#### **Bidders Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable ([●] 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).
3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000.

For further details, please see "Issue Procedure - Maximum and Minimum Bid Size" on page 250.

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 Eligible NRIs) or their nominees.

**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.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Non Residents, Eligible NRIs, FIIs and foreign venture capital funds and all Non Residents, Eligible 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 of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, FVCIs 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 2,500 lakhs (subject to applicable law) and pension funds with minimum corpus of Rs. 2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

#### **Payment Instructions**

##### **Escrow Mechanism**

Our Company and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount 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 from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account as per the terms of the Escrow Agreement. 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 our 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(s)**

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. 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 “Issue Structure” on page 217 of the Draft Red Herring Prospectus.
2. The Bidders for whom the applicable Margin Amount 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(s) and submit the same to the members of the Syndicate.
3. In case of QIBs bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of QIB Bidders: “Escrow Account–Intrasoft Public Issue – QIB – R”
  - In case of non-resident QIB Bidders: “Escrow Account– Intrasoft Public Issue – QIB–NR”
  - In case of Resident Bidders: “Escrow Account– Intrasoft Public Issue”
  - In case of Non Resident Bidders: “Escrow Account – Intrasoft Public Issue – NR”
4. 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 Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.
5. In case of Bids by FIIs, or FVCIs the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.
7. The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
10. 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/ Money Orders/Postal orders will not be accepted.
11. Bidders are advised to mention 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.
12. 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.

- **Payment by Stockinvest/money order**

Payment through stockinvest/money order would not be accepted in this Issue.

- **Submission of Bid Cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

- **Other Instructions**

- ***Joint Bids in the case of Individuals***

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

- ***Multiple Bids***

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In 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.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:



1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. 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. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

#### ***Permanent Account Number or PAN***

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Applications without this information 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.

#### ***Unique Identification Number ("UIN")***

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

#### **• *Right to Reject Bids***

In case of QIB Bidders bidding in the QIB Portion, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus 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 *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

2. Age of First Bidder not given;
3. 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;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Bids for number of Equity Shares which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as described in this Draft Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by money order/postal order/cash/stockinvest;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Members;
17. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
19. 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;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. Bids by QIBs not submitted through the Syndicate;
22. Bids by OCBs;
23. Bids by U.S residents or U.S persons other than "Qualified Institutional Buyers" as per Rule 144A of the Securities Act.
24. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
25. Bids not uploaded in the Book would be rejected;

26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 4.00 p.m. on the Bid/Issue Closing Date;
27. Bank account details for the refund not given;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
30. Bids that do not comply with the securities laws of their respective jurisdictions;
31. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws; and
32. Bids by NRIs not disclosing their residential status.

- **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated October 06, 2009 with NSDL, our Company and the Registrar to the Issue;
- b) Agreement dated October 06, 2009 with CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- 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) Allotment to a successful 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 account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) 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.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

• **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of transferred shares in the respective beneficiary accounts, refund orders etc.**

**Impersonation**

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

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years.”*

**Interest on refund of excess bid amount**

Our 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 and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per guidelines issued by the Government of India, Ministry of Finance and as further modified by the SEBI Regulations

**Basis of Allotment**

**A. For Retail Individual Bidders**

- a) Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- b) The 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.
- c) If the aggregate demand in this category is less than or equal to 12,95,000 Equity Shares (assuming at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids).
- d) If the aggregate demand in this category is greater than 12,95,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

**B. For Non-Institutional Bidders**

- a) Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- b) The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- c) If the aggregate demand in this category is less than or equal to 5,55,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- d) In case the aggregate demand in this category is greater than 5,55,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment refer below.

**C. For QIBs**

- 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 Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 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 unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) 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.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allocation to QIB Bidders shall be at least 18,50,000 Equity Shares. The method of proportionate basis of allotment is stated below.

**Illustration of Allotment to QIBs and Mutual Funds (“MF”)**

**A. Issue Details**

Sl. No.	Particulars	Issue details
1	Issue size	20 crore equity shares
2	Allocation to QIB (50%)	10 crore equity shares
	Of which:	
	a. Allocation to MF (5%)	0.50 crore equity shares
	b. Balance for all QIBs including MFs	9.50 crore equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	50 crore equity shares

**B. Details of QIB Bids**

Sl. No	Type of QIB bidders#	No. of shares bid for (in crore)
1	A1	5
2	A2	2
3	A3	13
4	A4	5
5	A5	5
6	MF1	4
7	MF2	4
8	MF3	8
9	MF4	2
10	MF5	2
	<b>Total</b>	<b>50</b>

# A1-A5: (QIB bidders 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 0.50 crore equity shares to MF proportionately (please see note 2 below)	Allocation of balance 9.50 crore equity shares to QIBs proportionately (please see note 4 below)	Number of equity shares in Crores	
				Aggregate allocation to MFs	
(I)	(II)	(III)	(IV)	(V)	
A1	5	0	0.960	0	
A2	2	0	0.384	0	
A3	13	0	2.495	0	
A4	5	0	0.960	0	
A5	5	0	0.960	0	
MF1	4	0.10	0.748	0.848	
MF2	4	0.10	0.748	0.848	
MF3	8	0.20	1.497	1.697	
MF4	2	0.05	0.374	0.424	
MF5	2	0.05	0.374	0.424	
	<b>50</b>	<b>0.50</b>	<b>9.50</b>	<b>4.242</b>	

Please note:

- The illustration presumes compliance with the requirements specified in this Prospectus in "Issue Structure" on page 217.
- Out of 10 crore Equity Shares allocated to QIBs, 0.50 crore (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 20 shares in the QIB Portion.

3. The balance 9.50 crore Equity Shares, i.e. 10 – 0.50 (available for Mutual Funds only) will be allocated on proportionate basis among 10 QIB Bidders who applied for 50 crore Equity Shares (including five Mutual Fund applicants who applied for 20 crore Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 9.50 crore Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 9.5 /49.50;
  - For Mutual Funds (MF1 to MF5)= {(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)} X 9.5 /49.50;
  - The numerator and denominator for arriving at allocation of 9.50 crore Equity Shares to the 10 QIBs are reduced by 0.50 crore shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

#### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] 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 number 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.
- f) 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.

### Payment of Refund

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 to the Issue will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs 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.

### Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers:

Centres	
1. Ahmedabad	35. Jalandhar
2. Nashik	36. Coimbatore
3. Sholapur	37. Kanpur
4. Gorakhpur	38. Calicut
5. Bengaluru	39. Lucknow
6. Panaji	40. Rajkot
7. Ranchi	41. Mumbai
8. Jammu	42. Siliguri (non- MICR)
9. Bhubaneshwar	43. Ludhiana
10. Surat	44. Kochi/Ernakulam
11. Tirupati (non-MICR)	45. Nagpur
12. Indore	46. Pondicherry
13. Kolkata	47. Varanasi
14. Trichy	48. Bhopal
15. Dhanbad(non-MICR)	49. New Delhi
16. Pune	50. Hubli
17. Chandigarh	51. Kolhapur
18. Trichur	52. Madurai
19. Nellore (non- MICR)	53. Patna
20. Salem	54. Shimla (non- MICR)
21. Chennai	55. Aurangabad
22. Jodhpur	56. Amritsar
23. Kakinada (non- MICR)	57. Thiruvananthapuram
24. Jamshedpur	58. Tirupur
25. Guwahati	59. Mysore
26. Gwalior	60. Haldia (non- MICR)
27. Agra	61. Baroda
28. Visakhapatnam	62. Burdwan (non-MICR)
29. Hyderabad	63. Erode
30. Jabalpur	64. Vijaywada
31. Allahabad	65. Dehradun
32. Mangalore	66. Durgapur (non- MICR)
33. Jaipur	67. Udaipur
34. Raipur	68. Bhilwara



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 abovementioned 68 centers, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. 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 and the past experience of the Registrars to the Issue. 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 this section.
4. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. one Lakhs, 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 our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.
5. 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 up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

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/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at 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 of Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, Our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

Our 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 and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per guidelines issued by the Government of India, Ministry of Finance and as further modified by the SEBI Regulations.

#### **Letters of Allotment or Refund Orders**

Our Company shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. Applicants residing at sixty eight centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our 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 refunds will be done within 15 days from the Bid/Issue Closing Date; and

They will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **Interest in case of delay in dispatch of Allotment letters/refund orders**

We agree that Allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 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 Bid/Issue Closing Date.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.**

## **UTILIZATION OF ISSUE PROCEEDS**

The Board of Directors declares that:

- All monies received out of this 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;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue;
- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;
- that the certificates of the Equity Shares/ refund orders to the eligible non-resident Indians shall be despatched within specified time;
- that no further issue of Securities shall be made until the Securities Shares offered through this Draft Red Herring Prospectus are listed or until the application monies are refunded on account of non-listing, under-subscription etc; and
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

## **Withdrawal of the Issue**

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If the Issue is withdrawn after the closure of bidding, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Board.

## **ISSUE PROCEDURE FOR ASBA BIDDERS**

**This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (“**ASBA Account**”) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs.

### **ASBA Bid cum Application Form**

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA Bid cum Application Form which shall be at Cut-off Price.

Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be [●].

### **Who can Bid?**

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.

### **Maximum and Minimum Bid Size for ASBA Bidders**

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

### **Information for the ASBA Bidders:**

- a. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs and the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.
- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Members and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- f. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- g. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- h. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.
- i. ASBA Bidders shall not be allowed to revise their Bid.

#### **Method and Process of Bidding**

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- c. Each ASBA Bid cum Application Form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the Cap Price of the Price Band and specify the

demand (i.e. the number of Equity Shares Bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.

- d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (“TRS”). The TRS shall be furnished to the ASBA Bidder on request.
- g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be 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. **ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA Bid cum Application Form cannot be revised.**

## Bidding

- a. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form, that is, at Cut-off Price with single option as to the number of Equity Shares.
- b. In accordance with the SEBI Regulations, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
- c. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Bengali language and also by indicating the change on the websites of the BRLMs and SCSBs and at the terminals of the members of the Syndicate.
- d. Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.
- e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA

Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

- f. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the bank account of the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid at Cut-off Price.

#### **Mode of Payment**

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order, stock invest or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Electronic registration of Bids by SCSBs**

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
  - (i) it has received the ASBA in a physical or electronic form; and
  - (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

- c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.
- d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- **Name of the Bidder(s);**
- **Application Number;**
- **Permanent Account Number;**
- **Number of Equity Shares Bid for;**
- **Depository Participant Identification Number; and**
- **Client identification Number of the Bidder's beneficiary account.**

**In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).**

- e. **A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.**
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

#### **Build up of the book and revision of Bids**



- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the Stock Exchanges mainframe on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- c. ASBA Bidders shall not revise their Bids.
- d. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- e. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment.

### **Price Discovery and Allocation**

After the Bid/Issue closing Date, the BRLMs shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels. For further details, see “Issue Procedure -Price Discovery and Allocation” on page 230.

### **Signing of Underwriting Agreement and RoC Filing**

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the ‘Prospectus’. The Prospectus would contain details of the Issue Price and Issue size.

### **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of CAN**

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

#### **Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI Regulations, **Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

#### **GENERAL INSTRUCTIONS**

##### ***Do's:***

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is [●] in colour).
- d. Ensure that your Bid is at the Cut-off Price.
- e. Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA Bid cum Application Form.
- f. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- g. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Managers to the Issue.
- h. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- i. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- j. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.

- k. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- l. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- m. Ensure that you have mentioned your Permanent Account Number (“**PAN**”) allotted under the I.T. Act.
- n. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts:***

- a. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b. Do not revise your Bid.
- c. Do not Bid for lower than the minimum Bid size.
- d. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- f. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- g. Do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- h. Do not submit the GIR number instead of the PAN.
- i. Do not instruct your respective banksto release the funds blocked in the bank account under the ASBA process.

**Bids by ASBA Bidders must be:**

- a. Made only in the prescribed ASBA Bid cum Application Form, which is [●] in colour if submitted in physical mode, or electronic mode.
- b. 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 ASBA Bid cum Application Form.
- d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000.

- e. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **ASBA Bidder's depository account and bank details**

**ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA 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 ASBA BID CUM APPLICATION FORM.**

**ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.**

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be 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 ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

#### **Payment mechanism under ASBA**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the

SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### ***ASBA Bids under Power of Attorney***

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the BRLMs may deem fit.

### **OTHER INSTRUCTIONS**

#### **Withdrawal of ASBA Bids**

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

#### **Joint ASBA Bids**

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

#### **Multiple ASBA Bids**

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in “Issue Procedure- Multiple Bids” on page 238.

#### **Permanent Account Number**

For details, see “*Permanent Account Number or PAN*” on page 239.

#### **Right to Reject ASBA Bids**

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

### **GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS**

In addition to the grounds listed under “Grounds for Technical Rejection” on page 239, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper or on split form;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Age of first Bidder not given;
5. Bid made by categories of investors other than Resident Retail Individual Investors;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
7. PAN not stated, or GIR number furnished instead of PAN. See “Issue Procedure - Permanent Account Number or PAN” on page 239;
8. Bids for number of Equity Shares, which are not in multiples of [●];
9. Authorisation for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
10. Multiple Bids as defined in this Draft Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Bids accompanied by money order/postal order/cash/stockinvest;
13. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
14. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
15. ASBA Bid cum Application Form does not have the Bidder’s depository account details;
16. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
18. 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 DP ID and the beneficiary account number; and
19. If the ASBA Bid in the Issue is revised.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

## **COMMUNICATIONS**

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commissions or any acts of SCSB’s including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

## **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares

applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

### **Impersonation**

1. For details, see “Issue Procedure- Impersonation” on page 242.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder’s Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder’s Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

### **Basis of Allocation**

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see “Issue Procedure- Basis of Allotment” on page 242.

### **Method of Proportionate basis of allocation in the Issue**

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

### **Undertaking by our Company**

In addition to our undertakings described under “Issue Procedure- Undertaking by our Company” on page 249, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

### **Utilisation of Issue Proceeds**

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see “Issue Procedure- Utilization of Issue Proceeds” on page 249.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

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.

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.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered under 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 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.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**



## SECTION VIII: MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below:

### **PART A**

#### **PRELIMINARY**

1. The regulations contained in Table A in Schedule I of the Companies Act, 1956, shall be deemed to be incorporated in these Articles and to apply to the Company insofar as they are not inconsistent with the provisions of the following Articles. Subject to the requirements of applicable law, in the event of any conflict between the provisions of this Part A (Article 1 to Article 187, both inclusive) and Part B (Article 188 to Article 209, both inclusive), the provisions of Part B shall apply.

#### **DEFINITIONS AND INTERPRETATION**

2. In these present regulations, the following words and expressions shall have the following meanings, unless excluded by the subject or context:

“**The Company**” or “**This Company**” shall mean Intrasoftware Technologies Limited.

“**The Act**” shall mean the Companies Act, 1956 and subsequent amendments thereto or any statutory modification or re-enactment thereof, for the time being in force.

“**Annual General Meeting**” shall mean the annual general meeting of the Company convened and held in accordance with the Act.

“**Articles of Association**” or “**Articles**” shall mean these Articles of Association of the Company as originally framed or as altered from time to time by Special Resolution;

“**Beneficial Owner**” shall mean a person whose name is recorded as such with a depository.

“**Board**” or “**Board of Directors**” shall mean the Directors of the Company collectively referred to in the Act.

“**Capital**” shall mean the share capital for the time being raised or authorized to be raised for the purposes of the Company.

“**Debenture**” includes debenture-stock, bonds and other securities of the Company, whether constituting a charge on the assets of the Company or not.

“**Debenture holders**” shall mean the duly registered holders from time to time of the Debentures of the Company and shall include in case of Debentures held by a Depository, the beneficial owners whose names are recorded as such with the Depository.

“**Depositories Act**” shall mean the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

“**Depository**” shall mean a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

“**Directors**” shall mean the Directors for the time being of the Company and includes

Alternate Directors.

“**Dividend**” includes interim dividend unless otherwise stated.

“**Executor**” or “**Administrator**” shall mean a person who has obtained probate or Letters of Administration, as the case may be, from some competent Court having effect in India and shall include the executor or Administrator or the holder of a certificate, appointed or granted by such competent court and authorized to negotiate or transfer the shares of the deceased member.

“**Extraordinary General Meeting**” shall mean an extraordinary meeting of the Company convened and held in accordance with the Act.

“**Financial Year**” shall have the meaning assigned thereto by Section 2 (17) of the Act

“**Managing Director**” shall have the meaning assigned thereto in the Act.

“**Member**” shall mean the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the Beneficial Owners whose names are recorded such with the Depository.

“**Month**” shall mean the English calendar month.

“**Office**” shall mean the Registered Office, for the time being of the Company.

“**Officer**” shall have the meaning assigned thereto by the Act.

“**Ordinary Resolution**” shall have the meaning assigned thereto by the Act.

“**Paid up**” shall include “credited as paid up”.

“**Participant**” shall mean a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

“**Person**” shall include any Association, Corporation, Company as well as individuals.

“**Proxy**” includes Attorney duly constituted under a Power Attorney.

“**Record**” includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

“**Register**” shall mean the Register of Members to be kept pursuant to the said Act.

“**Registered Owner**” shall mean a depository whose name is entered as such in the records of the Company.

“**SEBI**” shall mean Securities and Exchange Board of India.

“**Seal**” shall mean the common seal for the time being of the Company.

“**Secretary**” shall mean a Company Secretary within the meaning of clause (c) of sub-Section (1) of Section 2 of the Company Secretaries Act, 1980 and includes a person or persons appointed by the board to perform any of the duties of a Secretary subject to the provisions of the Act.

“**Shares**” shall mean the equity shares of the Company unless otherwise mentioned.

“**Share Warrant**” shall mean the share warrant issued pursuant to Section 114 of the Act.

“**Section**” shall mean a Section of the Act.

“**Security**” shall mean such security as may be specified by the Securities and Exchange Board of India from time to time.

“**Special Resolution**” shall have the meaning assigned thereto by Section 189 of the Act.

“**Transfer**” shall mean (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to the Shares, the sale, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly) of any Shares or of any interest therein or the creation of any third party interest in or over the Shares, but excluding any renunciation of any right to subscribe for any shares offered pursuant to a rights issue to existing shareholders in proportion to their existing shareholding in the Company; and

“**Writing**” and “**Written**” shall mean and includes words, hand written, printed, typewritten, lithographed, represented or reproduced in any mode in a visible form.

Words importing the singular number include the plural and vice versa.

“**these Presents**” or “**Regulations**” shall mean these Articles of Association as originally framed or altered from time to time and include the Memorandum where the context so requires.

#### ***INTERPRETATION***

- (i) Unless repugnant to the context or otherwise excluded, the words and phrases used in these Articles but not defined herein shall have, *mutatis-mutandis*, the same meaning ascribed to them in the Act, and if not defined therein to the Depositories Act.
- (ii) The headings and subheadings in these Articles are included for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Article or any provision hereof in any manner whatsoever.
- (iii) The definitions in Clause 2 shall apply equally to both the singular and plural form of the terms defined.
- (iv) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter form.
- (v) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.
- (vi) Unless the context otherwise requires, (a) all references to Clauses, are to Clauses of these Articles; and (b) the terms “herein”, “hereof”, “hereunder” and words of similar import refer to these Articles as a whole.

#### **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE GIVEN TO MEMBERS**

- 3. Copies of the Memorandum and Articles of Association and other documents mentioned in Section 39 of the Act shall be furnished by the Company to a member at his request within seven days of the requisition subject to the payment of a fee of Rupee one.

#### **CAPITAL**

- 4. *Authorized Share Capital*

The authorized share capital of the Company shall be such amount as is given, in Clause V of the Memorandum of Association.

- 5. *Shares at the Disposal of the Directors*

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who

may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Without prejudice to the generality of the foregoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

6. *Consideration for Allotment*

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

7. *Restriction on Allotment*

- (a) The Directors shall in making the allotments duly observe the provision of the Act;
- (b) The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and
- (c) Nothing contained therein shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

8. *Increase of Capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

9. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

10. *Sub-division and Consolidation of Shares*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

- (1) Divide, 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 have some preference of special advantage as regards dividend capital or otherwise as compared with the others; or
- (2) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

11. *New capital part of the existing capital*

Except so far as otherwise provided by the conditions of the issue or 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 the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

12. *Power to issue Shares with differential voting rights*

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

13. *Power to issue preference shares*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

14. *Further Issue of Shares*

- (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 then:
  - (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those share 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 thirty days from the date of 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 may dispose of them in such manner as they may think most beneficial to the company.
- (2) Notwithstanding anything contained in 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.

- (a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman.) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
- (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debentures issued or loans raised by the Company:
- (a) To convert such Debentures or loans into shares in the Company; or
  - (b) 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:

- (i) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (ii) In the case of Debentures or loans or other than Debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the Debentures or raising of the loans.

15. *Rights to convert loans into capital*

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the Debentures or loans raised by the Company to convert such Debentures or loans into shares or to subscribe for shares in the Company.

16. *Allotment on application to be acceptance of shares*

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

17. *Returns on allotments to be made or Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

18. *Money due on shares to be a debt to the Company*

The money (if any) which the Board shall, on the allotment of any shares being made by them,

require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

19. *Members or heirs to pay unpaid amounts*

Every Member or his heir's 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.

20. *Buy back of shares*

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and such approvals as required under the provisions of the Act and all other applicable law, as may be in force.

### **INTEREST OUT OF CAPITAL**

21. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

### **DEBENTURE**

22. *Terms of Issue of Debentures*

Any Debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting by a Special Resolution.

23. *Assignment of Debentures*

Such Debentures, Debenture-stock, bonds or other Security may be assignable free from any equities between the Company and the person to whom the same may be issued.

24. *Debenture Directors*

Any trust deed for securing Debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of Debentures or Debenture stock of some person to be a Director of the Company and may empower such trustee or holders of Debentures or Debenture stock from time to time to remove any Directors so appointed.

A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director shall mean a Director for the time being in office under this Article. The trust deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

## SHARE CERTIFICATES

25. (1) *Every Member entitled to certificate for his shares*
- (a) Every Member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares.
- (b) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating date of issue.
- (2) *Joint ownership of shares*
- Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.
- (3) *Director to sign Share Certificates*
- A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials use for the purpose.
- (4) *Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates*
- If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees Two for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
- Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.
- The provision of these Articles shall mutatis mutandis apply to Debentures of the Company.
- (5) *Renewal of Share Certificate*
- When a new share certificate has been issued in pursuance of clause(4) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No. \_\_\_\_\_ sub-divided/replaced on consolidation



of shares.

- (6) When a new certificate has been issued in pursuance of clause (4) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is a duplicate issued in lieu of share certificate No. \_\_\_\_\_. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (3), (4), (5) and (6) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.
- (7) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

26. *Applicability of The Companies (Issue of Share Certificate) Rules, 1960*

The rules under the Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules.

27. *Responsibilities to maintain records*

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

28. *Rights of Joint Holders*

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 notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

29. *Limitation of time for issue of certificates*

Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

**LIEN**

30. *Company's lien on shares /Debentures*

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 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 provisions of this clause.

31. *Enforcing lien by sale*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they 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 members 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 have served on such member or his representative 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.

32. *Application of sale proceeds*

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 lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### **CALLS ON SHARES**

33. *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by 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 the member(s) and place(s) appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in general meeting.

34. *Notice for call*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

35. *Call when made*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

36. *Liability of joint holders for a call*

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

37. *Board to extend time to pay call*

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 to all or any of the members. The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

38. *Calls to carry Interest*

If a 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 on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower 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.

39. *Dues deemed to be calls*

Any sum, that as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become 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.

40. *Proof of dues in respect of share*

On any 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 (i) that the name of the Members in respect of whose shares the money is sought to be recovered appears entered in the Register as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) 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 pursuant of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

41. *Partial payment not to preclude forfeiture*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor 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 forfeiture of such shares as hereinafter provided.

42. *Payment in anticipation of call may carry interest*

- (1) 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.
- (2) 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.

- (3) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

## **FORFEITURE OF SHARES**

43. *Board to have right to forfeit shares*

If any Member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice on the 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.

44. *Notice for forfeiture of shares*

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

45. *Effect of forfeiture*

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

46. *Notice of forfeiture*

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register, 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.

47. *Forfeited share to be the property of the Company*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

48. *Member to be liable even after forfeiture*

Any Member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on all moneys, which, at the date of the forfeiture, were presently payable by him to the Company in respect of shares.

49. *Claims against the Company to extinguish on forfeiture*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

50. *Evidence of forfeiture*

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

51. *Effecting sale of shares*

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall neither be bound to see to the application of the purchase money nor his title to the share is impeached by any irregularity or invalidity in the proceeding in reference to the forfeiture, sale or disposal of the share, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

52. *Certificate of forfeited shares to be void*

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 relevant 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 have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

53. *Board entitled to cancel forfeiture*

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

## **TRANSFER AND TRANSMISSION OF SHARES**

54. *Register of Transfers*

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

55. *Endorsement of Transfer*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

56. *Instrument of Transfer*

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

57. *Executive transfer instrument*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register in respect thereof. The instrument of transfer shall be in respect of same class of shares and should be in the form prescribed under the Act.

58. *Closing register of transfers and of Members*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of members, the 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 seem expedient.

59. *Directors may refuse to register transfer*

Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or 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 transfer, as the case may be, was delivered with the Company, send notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that 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 when the Company has a lien on the shares.

60. *Transfer of partly paid shares*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

61. *Survivor of joint holders recognized*

In case of the death of any one or more persons named in the Register as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

62. *Title to shares of deceased members*

The executors or administrators or holders of a succession certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a succession certificate or the legal representatives shall have first obtained probate holders or letter of administration or succession certificate as the case may be, from a duly constituted court in the Union of India. Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of probate or letter of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member as a Member

63. *Transfers not permitted*

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

64. *Transmission of shares*

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

65. *Rights on Transmission*

A person entitled to a share by transmission shall, subject to the Directors right 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.

66. *Instrument of transfer to be stamped*

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

67. *Share certificates to be surrendered*

Before 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 (save as provided in Section 108) properly stamped and executed instrument of transfer.

68. *No fee on transfer or transmission*

No fee shall be charged for registration of transfers, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.

69. *Company not liable to notice of equitable rights*

The Company shall incur no liability or responsibility whatever 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 rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, 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 shall so think fit.

70. **DEMATERIALISATION OF SECURITY**

(1) *Company to recognize interest in dematerialized Security under the Depositories Act*

Either the Company or the investor may exercise an option to issue, de-link, hold the security (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in the event of which the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

(2) *Dematerialisation / Re-materialisation of Security*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing security, re-materialize its security held in Depository and/or offer its fresh security in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(3) *Option to receive Security certificate or hold Security with the Depository*

Every person subscribing to or holding security of the Company shall have an option to receive the Security certificate or hold Security with the Depository. Where a person opts to hold a Security with the Depository, the Company shall intimate such Depository of the details of allotment of the Security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the Beneficial Owner of that Security.

(4) *Security in electronic form*

All security held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the Security held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

(5) *Beneficial Owner deemed as an absolute owner*

Except as ordered by the court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the Register as the holders of any share or whose name appears as the Beneficial Owner of the shares in the Records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(6) *Rights of Depository and Beneficial Owners*

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security on behalf of the Beneficial Owner.

Save as otherwise provided above, the Depository is the registered owner of the Security, and shall not have any voting rights or any other rights in respect of the Security held by it.

Every person holding security of the Company and whose name is entered as a Beneficial Owner in the Records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the security shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Security which are held by a Depository

(7) *Register and index of Beneficial Owners*

The Company shall cause to be kept a register and index of members with details of shares and Debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.



The register and index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a branch register of Members resident in that State or Country.

(8) *Cancellation of certificates upon surrender by person*

Upon receipt of certificate of security on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificates and shall substitute in its Record, the name of the Depository as the Registered Owner in respect of the said security and shall also inform the Depository accordingly.

(9) *Service of Documents*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where Security is held in a Depository, the Record of the beneficial ownership may be served by such Depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(10) *Allotment of Security*

Where the Security is dealt within a Depository, the Company shall intimate the details of allotment of relevant Security to the Depository on allotment of such Security.

(11) *Transfer of Security*

The Company shall keep a register of transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of Security held in a Depository.

(12) *Distinctive number of Security held in a Depository*

The shares in the capital of the Company shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except, in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

(13) *Provisions of Articles to apply to shares held in Depository*

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

(14) *Depository to furnish information*

Every Depository shall furnish to the Company information about the transfer of security in the name of the Beneficial Owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(15) *Option to opt out in respect of any such Security*

In the event a Beneficial Owner seeks to opt out of a Depository in respect of any

Security, he shall inform the Depository accordingly. The Depository shall, on receipt of such information make appropriate entries in its Records and shall inform the Company. The Company shall within thirty days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of Security to the Beneficial Owner or the transferee as the case may be.

(16) *Overriding effect of this Article*

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

**71. NOMINATION FACILITY**

- (1) Every holder of shares, or holder of Debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or Debentures of the Company shall rest in the event of his death.
- (2) Where the shares in or Debentures of the Company or 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 shall rest in the event of death of all the joint holders.
- (3) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise 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 shareholder or Debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or Debentures of the Company or as the case may be all the joint holders in relation to such shares in or Debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor it shall be lawful for the holder of shares or Debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or Debentures of the Company in the event of his death in the event of minority of the nominee.
- (5) Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the 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 share or Debenture as the case may be, as the deceased shareholder or Debenture holder, as the case may be could have made.
- (6) If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or Debenture 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 a death certificate of the deceased share holder or Debenture holder as the case may be.
- (7) All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer where a transfer is signed by that shareholder or debenture

holder, as the case may be.

- (8) A person being a nominee, becoming entitled to a share or Debenture by reason of the death of the holder shall be entitled to same Dividends 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 a Member in respect of his share of Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.
- (9) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or Debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all Dividends, bonus, or other monies payable in respect of the share or Debenture, until the requirements of the notice have been complied with.
- (10) A Depository may in terms of Section 58 A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

## **SHARE WARRANTS**

### **72. *Rights to issue share warrants***

- (1) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act.
- (2) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

### **73. *Rights of warrant holders***

- (1) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognized as the depositor of the share warrant.
- (3) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

- 74. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

### **75. *Board to make rules***

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or

destruction.

## **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

### **76. *Rights to convert shares into stock & vice-versa***

The Company in general meeting may, by an Ordinary Resolution, convert any fully 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 shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

### **77. *Rights of stock holders***

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

## **GENERAL MEETINGS**

### **78. *Annual General Meetings***

The Company shall, in addition to any other meetings hold a general meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

### **79. *Extraordinary General Meetings***

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

### **80. *Extraordinary General Meetings on requisition***

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

### **81. *Notice for general meetings***

All general meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any general meeting.

### **82. *Shorter notice admissible***

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the

Company as gives a right to vote thereto, any general meeting may be convened by giving a shorter notice than twenty one days.

83. *Special and ordinary business*

- (1) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.
- (2) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

84. *Quorum for general meeting*

Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the meeting.

85. *Consequences of absence of Quorum*

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

86. *Chairman of General Meeting*

Unless otherwise decided by the Board, the members personally present in the meeting shall elect one of themselves to be the chairman thereof on a show of hands.

87. *Election of Chairman*

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

88. *Adjournment of Meeting*

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place 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. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

89. *Voting at Meeting*

At any general meeting, a resolution put to the 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) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book

of the proceedings 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 that resolution.

90. *Decision by poll*

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

91. *Casting vote of Chairman*

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

92. *Poll to be immediate*

- (1) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.
- (2) A demand for a poll shall not prevent the continuance of a meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

93. *Passing resolutions by Postal Ballot*

- (1) Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company.
- (2) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time.

## **VOTE OF MEMBERS**

94. *Voting rights of Members*

- (1) On a show of hands every member holding equity shares and present in person shall have one vote.
- (2) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.
- (3) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

95. *Voting by joint-holders*

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

96. *No right to vote unless calls are paid*

No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

97. *Proxy*

On a poll, votes may be given either personally or by proxy.

98. *Instrument of proxy*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours, or such lesser period as prescribed by the Board, prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

99. The form of proxy shall be two way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

100. *Validity of proxy*

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

101. *Corporate members*

Any corporation which is a member of the Company may, by resolution of its board of director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

## **DIRECTOR**

102. *Number of Directors*

Unless otherwise determined by general meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

103. *First Directors*

The first Directors of the Company are:

- (a) Mr. Sharad Kajaria
- (b) Mr. Ramswaroop Kyal

104. *Share qualification not necessary*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director, unless the Board otherwise decides.

105. *Director's power to fill-up casual vacancy*

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date, upto which Director in whose place he is appointed would have office if it has not been vacated as aforesaid.

106. *Additional Directors*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as additional Directors provided that the number of Directors and additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual General Meeting of the Company and shall be eligible for re-election by the Company at that meeting.

107. *Alternate Directors*

The Board of Directors may appoint an alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months from the state in which the meetings of the Board are ordinarily held. An alternate Director so appointed shall vacate office if and when the original Director returns to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director are determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

108. *Continuing Director may act*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

109. *Vacation of office of Director*

The office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

110. *Equal power to Director*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

### **ROTATION AND RETIREMENT OF DIRECTOR**

111. *One-third of Directors to retire every year*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

112. *Retiring Directors eligible for re-election*



A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

113. *Which Director to retire*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

114. *Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

115. *Increase or reduction in the number of Directors*

Subject to the provisions of Section 252, 255, 259 of the Act, the Company in general meeting may by Ordinary Resolution increase or reduce the number of its Directors.

116. *Power to remove Director by Ordinary Resolution*

Subject to the provisions of the Act, the Company may by an ordinary resolution in general meeting remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

117. *Right of persons other than retiring Directors to stand for directorship*

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

118. *Directors not liable for retirement*

The Company in general meeting may, when appointing a person as a Director declare that his

continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency as set out in the said resolution.

119. *Director for subsidiary Company*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

120. *Meetings of the Board*

- (1) The Board of Directors shall meet at least once in every three calendar months for the discharge of business and at least four such meetings shall be held in every year.
- (2) A Director may, and the managing agent, secretaries and treasurers manager or secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

121. *Quorum*

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

In the absence of quorum, unless decided otherwise by the Board, the meeting of the Board will automatically stand adjourned till the same day next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

122. *Questions how decided*

- (1) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.
- (2) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

123. *Right of continuing Directors when there is no quorum*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a general meeting of the Company but for no other purpose.

124. *Election of Chairman of Board*

- (1) The Board may elect a Chairman of its meeting and determine the period for which

he is to hold office.

- (2) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

125. *General powers of the Board*

Subject to the provisions of Section 291 and 293 of the Act and other applicable provisions, the Board of a Company shall be entitled to exercise all such powers, and do all such acts and things, as the Company is authorized to exercise and do. However, the Board shall not exercise any power or do any act of thing which is directed or required to be done, whether by this or any other legislation or prescribed by the Board, to be exercised or done by the Company in the general meeting. Further, in exercising any such powers or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this or any other legislation, or in the Articles or in any other regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting.

126. *Powers to be exercised by Board only by Meeting*

- (1) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
  - (i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
  - (ii) Power to issue Debentures;
  - (iii) Power to borrow money otherwise than on Debentures;
  - (iv) Power to invest the funds of the Company;
  - (v) Power to make loans.
- (2) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.
- (3) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.
- (4) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may be invested and the nature of the investments which may be made by the delegate.
- (5) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

127. *Delegation of powers*

- (1) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.
- (2) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

128. *Delegation of Powers*

- (1) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.
- (2) Any committee so formed shall, in the exercise of the power so delegated conform to

any regulations that may be imposed on it by the Board.

129. *Election of Chairman of Committee*

- (1) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.
- (2) The quorum of a committee may be fixed by the Board of Directors.

130. *Election of Chairman of Committee*

- (1) If the chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.
- (2) The quorum of a committee may be fixed by the Board of Directors.

131. *Questions how determined*

- (1) A committee may meet and adjourn as it thinks proper.
- (2) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

132. *Validity of acts done by Board or a Committee*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

133. *Resolution by Circulation*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

134. *Nominee Directors*

In case the Company enters into any agreement with the Central Government or State Government or financial institution or with any institution for providing financial assistance by way of loan, subscription to Debentures, providing any guarantee or underwriting or subscription to shares of the Company, subject to the provisions of Section 255 of the Act, such agreement may contain a clause that such Government or financial institution or Institutions shall have the right to appoint or nominate by notice in writing addressed to the

Company one or more Directors on the Board of Directors of the Company till the period of satisfaction of debt and upon such conditions as may be mentioned in the agreement and such Director/s shall not be liable to retire by rotation.

#### **MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)**

135. Subject to the approval of the Central Government under Section 269 of the Act, or as per Schedule XIII of the Act the Company by ordinary resolution or special resolution and / or the Board may from time to time appoint one or more of the Directors to be Managing Directors, Executive Directors or whole-time Directors of the Company for a term not exceeding five years at a time and may from time to time and subject to provisions of any contract between him or them and the Company, remove or dismiss him or them from office and appoint another or others in his or their place of places.
136. Managing Directors, Executive Director or Whole-time Director shall not be liable to retirement by rotation as long as he holds office of Managing Director, Executive Director or whole time director of the Company.
137. If Managing, Executive Director or Whole-time Director ceases to hold office of Director, he shall, ipso fact and immediately, cease be a Managing Director, Executive Director or Whole-time Director as the case may be.
138. The Managing Directors/ Whole time Directors shall have subject to the supervision, control and discretion of the Board, the management of the whole business of the Company and of all its affairs. Subject to the provisions of the Act and in particular to the prohibitions and restrictions in Section 292 of the Act, the Board may, from time to time, entrust to and confer upon a Managing Director, Executive Director or Whole-time Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions (if any) as it thinks expedient, and if may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board, in that behalf and may from time to time delegate, revoke, withdraw, alter or vary all or any of such powers.

#### **REMUNERATION OF DIRECTORS**

139. *Remuneration of Directors*
  - (1) Subject to the provisions of Section 198, 309, 269 and Schedule XIII of the Act, the Board of Directors may, on the recommendations of the Compensation Committee constituted by the Board, determine the remuneration payable to the Managing Director, the Executive Directors or the Whole Time Directors as the case may be, in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.
  - (2) The Directors may, in addition to the remuneration referred to in the preceding clause, provide the Managing Director, the Executive Directors or Whole Time Director as the case may be, such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.
  - (3) The Managing Director, the Executive Directors or Whole Time Director as the case may be, shall be entitled to the reimbursed all his or their out-of-pocket expenses incurred by him or them in connection with the business of the Company.
  - (4) Subject to the provisions of Section 309 of the Act, the Directors of the Company may be paid remuneration by way of commission at such percentage as they deem fit of the net profits of the Company computed in the manner referred to in Section 198(1) of the Act, to be shared and distributed amongst the Directors inter-se in such proportions or proportions as they deem fit.

- (5) The Directors for the time being of the Company may be paid a sitting fee as may be decided by the Board from time to time subject to the ceiling provided by the Act for every meeting of the Board or of a Committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Act.
- (6) If any Director shall be appointed to advise the Board as an expert or be called upon to perform extra services to make special exertion for any of the purposes of the Company, the Board may subject to and in accordance with the provisions of the Act and in particular Section 309, 310 and 314 of the Act, pay to such Director/s such special remuneration as they may think fit which remuneration may be in the form of salary and / or commission and / or percentage of profits and may either be in addition to or in substitution of the remuneration specified in the last preceding Article.
- (7) The remuneration of the Non Executive Directors and Independent Directors shall be fixed in compliance with the listing agreement.

### **CHARGES**

#### 140. *Register of Charges*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

#### 141. *Subsequent assigns of uncalled capital*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

#### 142. *Charge in favour of Director for Indemnity*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

### **MANAGER OR SECRETARY**

143. A Manager and / or Secretary may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Manager or Secretary so appointed may be removed by the Board.
144. A Director may be appointed as Manager or Secretary subject to Sections 314 and 383A of the Act.

### **COMMON SEAL**

145. The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof. The Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or Executive Director or the Secretary, if there is one.

146. The Board shall provide for the safe custody of the Seal.
147. The Seal shall not be affixed on any instrument except by the authority of resolution of the Board.
148. The Seal shall be affixed in presence of a Director, and the Company Secretary or such other person(s) as the Board may authorise in this behalf, from time to time.
149. The Company can have an official seal abroad.

## **DIVIDENDS**

150. *Right to dividend*

- (1) The profits of the Company, subject to any special rights, relating thereto created or authorized to be created by these presents and subject to the provisions of the presents as to the reserve fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and the last day of the year of account in respect of which such Dividend is declared and in the case of interim Dividends on the close of the last day of the period in respect of which such interim Dividend is paid.
- (2) Where capital is paid in advance of calls, such capital shall not, confer a right to participate in the profits.

151. *Declaration of Dividends*

The Company in general meeting may declare Dividends but no Dividend shall exceed the amount recommended by the Board.

152. *Interim Dividends*

The Board may from time to time pay to the members such interim Dividends as appear to them to be justified by the profits of the Company.

153. *Dividends to be paid out of profits*

No Dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

154. *Reserve Funds*

- (1) The Board may, before recommending any Dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing Dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.
- (2) The Board may also carry forward any profits when it may think prudent not to appropriate to reserves.

155. *Deduction of arrears*

The Board may deduct from any Dividend payable to any Members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

156. *Adjustment of dividends against calls*

Any general meeting declaring a Dividend may make a call on the Members as such amount as the meeting fixed, but so that the call on each Member shall not exceed the Dividend payable to him and so that the call be made payable at the same time as the Dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

157. *Receipt of joint holder*

Any one of two or more joint holders of a share may give effectual receipt for any Dividends, or other moneys payable in respect of such shares.

158. *Notice of Dividends*

Notice of any Dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

159. *Dividends not to bear interest*

No Dividends shall bear interest against the Company.

160. *Transfer of shares not to pass prior to Dividends*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

161. *Unpaid or Unclaimed Dividend*

- (1) Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall 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 called "Intrasoft Unpaid Dividend Account".
- (2) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investors Education and Protection Fund established under Section 205C of the Act.
- (3) No unclaimed or unpaid dividend shall be forfeited by the Board.

## **CAPITALISATION OF PROFITS**

162. *Capitalisation of Profits*

- (1) The Company in general meeting, may, on recommendation of the Board resolve:
  - (a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
  - (b) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:
  - (a) Paying up any amounts for the time being unpaid on shares held by such members respectively;



- (b) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
  - (c) Partly in the way specified in sub-clause (a) and partly that specified in sub clause (b).
- (3) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
  - (4) A share premium account and a capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

163. *Power of Directors for declaration of bonus issue*

- (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
  - (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power:
  - (a) to make, such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or Debentures becoming distributable in fraction; and also
  - (b) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members, credited as fully paid up, of any further shares or Debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

## ACCOUNTS

164. *Books of Account to be kept*

- (1) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.
- (2) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.
- (3) All the aforesaid books shall give a fair and true view of the affairs of the Company

or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

165. *Where Books of accounts to be kept*

The Books of Account shall be kept at the Registered Office or subject to the provisions of Section 209 of the Act, at such other place in India as the Directors think fit.

166. *Inspection by Members*

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

167. *Boards Report to be attached to Balance Sheet*

- (1) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.
- (2) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (3) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.
- (4) The Board shall also give the fullest information and explanation in its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the auditors Report.
- (5) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (1) to (3) of this Article are complied with.

## AUDIT

168. *Accounts to be audited*

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

- (1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.
- (2) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.
- (3) The Company shall within seven days of the Central Government's power under sub clause (2) becoming exercisable, give notice of that fact to the Government.

- (4) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- (5) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Section 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.
- (6) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
- (7) None of the persons mentioned in Section 226 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

169. *Audit of Branch Offices*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

170. *Remuneration of Auditors*

The remuneration of the Auditors shall be fixed by the Board as authorized in General Meeting from time to time.

171. *Service of document on the Company*

A document may be served on the Company or an Officer by sending it to the Company or Officer at Registered Office of the Company by post under a certificate of posting or by Registered Post, or by leaving it at the Registered Office.

**SERVICE OF DOCUMENTS AND NOTICE**

172. *How -Document is to be served on members*

- (1) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.
- (2) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.
- (3) *Where a document is sent by post*
  - (a) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be

deemed to be effected unless it is sent in the manner intimated by the member, and

(b) Unless the contrary is provided, such service shall be deemed to have been effected:

- (i) In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and
- (ii) In any other case, at the time at which the letter would be delivered in ordinary course of post.

173. *Members to notify address in India*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

174. *Service on members having no registered address*

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

175. *Service on persons acquiring shares on death or insolvency of members*

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

176. *Persons entitled to notice of General Meetings*

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

- (i) To the members of the Company as provided by these presents
- (ii) To the persons entitled to a share in consequence of the death or insolvency of a member.
- (iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

177. *Notice by advertisement*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

178. *Members bound by document given to previous holders*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

179. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

#### **AUTHENTICATION OF DOCUMENTS**

180. *Authentication of documents and proceedings*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorized Officer of the Company and need not be under its seal.

#### **WINDING UP**

181. *Application of assets*

Subject to the provisions of the Act as to preferential payment, the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

182. *Division of assets of the Company in specie among members*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

#### **INDEMNITY AND RESPONSIBILITY**

183. *Director's and others' right to indemnity*

- a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, to pay out of the funds of the Company, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.
- b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.

184. *Not responsible for acts of others*

- a) Subject to the provisions of Section 201 of the Act, no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any

loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office of in relation thereto, unless the same happens through his own willful act or default.

- b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Register of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

#### **SECRECY CLAUSE**

185. *Secrecy*

No member shall be entitled to inspect the Company's works without the permission of the Directors or Managing Director or any person authorized by the Directors, to require discovery of any information respectively in relation to any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Directors or Managing Director it will be inexpedient in the interest of the Company to disclose.

186. *Duties of Officers to observe secrecy*

Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.

#### **GENERAL AUTHORITY**

187. Wherever in the Act it has been provided that any company shall have any right, privilege or authority or that any company cannot carry out any transaction unless it is so authorised by its Articles, then and in that case this Article hereby authorizes and empowers this Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Act without there being any other specific Article in that behalf herein provided.

#### **PART B**

188. These Articles have been adopted through the resolutions of the Board and the shareholders of the Company dated October 12, 2009 and October 15, 2009 respectively. In the event of an IPO (defined below), the provisions this Part B (Article 188 to Article 209, both inclusive) shall lapse upon the filing of the Red Herring Prospectus but shall stand re-instated if the IPO is abandoned or does not consummate within 12 months from the date of adoption of these Articles.

189. **Overriding effect and Interpretation**

- (1) Subject to the requirements of applicable law, in the event of any conflict between the provisions of Article 1 to Article 187, both inclusive (Part A) and this Part B (Article 188 to Article 209, both inclusive), the provisions of this Part B shall apply.
- (2) The obligations, procedures and restrictions outlined in this Part B shall apply in addition to any corresponding obligations, procedures and restrictions outlined in the corresponding sections of Part A of these Articles and any actions provided for or contemplated under Part A of these Articles shall be carried out subject to the relevant procedures and consents outlined for such actions in Part B.
- (3) Unless the context otherwise requires, words or expressions contained in this Part B shall have the meanings as provided below. Provided that any terms and expressions used but not defined specifically in this Part B shall have the same meaning as ascribed to them in Part B or in the Act. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

#### 190. **Definitions**

**“Affiliate”** shall mean with respect to any person, (a) any other person that is directly or indirectly controlled by, under common Control with or controlling such person; (b) any other person (i) owning beneficially or controlling twenty percent (20%) or more of the equity interest in such person or (ii) in which such person owns beneficially or controls twenty percent (20%) or more of the equity interest; (c) any officer, director, managing member or general partner of any such person (including any officer, director, managing member or general partner of any such owning or controlling person described in the preceding clause (a) or (b)); (d) any spouse, parent, sibling or child of any such officer, director, managing member or general partner, or (e) any other person having the relationship of an Affiliate to any person described in clause (a), (b), (c) or (d).

**“Consolidated Revenues”** shall mean a consolidation of revenues of all of its subsidiaries, wholly owned or partly owned. A subsidiary is an entity which is controlled by another entity; control is the power to govern the financial and operating policies. Revenues are calculated as revenues earned from selling inventory, from performing services, from permission to use company's assets, from royalties and license fees, from selling an asset other than inventory, etc. as normally already disclosed as Revenue, Sales, Income, Other Income, etc. in the Company's & all its Subsidiaries Financial Statements.

**“Control”** shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership or control of securities, by contract or otherwise.

**“Deemed Liquidation”** shall mean a merger, acquisition, change of control, consolidation, issuance or transfer of shares, or other transaction or series of transactions following which the Company's shareholders immediately prior to such transaction will not retain a majority of the voting power of the surviving entity; or a sale, lease, license or other transfer of all or substantially all the Company's assets or intellectual property.

**“Financing Agreements”** shall mean the Subscription Agreement, the Shareholders Agreement and the Investors Rights Agreement and all exhibits, restatements and amendments thereto

**“Intel”** shall mean Intel Capital (Mauritius) Limited, a company incorporated under the laws of Mauritius and registered with the Securities and Exchange Board of India (“SEBI”) as a Foreign Venture Capital Investor (“FVCI”) under the provisions of the SEBI (Foreign Venture Capital Regulations, 2000).

**“Investor”** shall mean Intel and shall unless repugnant to the context or the meaning thereof include its successors, permitted assigns and any transferee, to whom all or part of the Investor Shares have been transferred in accordance with these Articles and the Shareholders Agreement.

**“Investor Equity Shares”** shall mean 1,000 of the Equity Shares having a nominal value of ten Indian Rupees (Rs. 10) per share held by the Investor pursuant to the Subscription Agreement.

**“Investor Rights Agreement”** shall mean the Amended and Restated Investor Rights Agreement made on October 12, 2009 by and among the Company and Intel.

**“Investor Shares”** shall mean the Investor Equity Shares and any Equity Shares issued to the Investor upon conversion of Preferred Shares or otherwise pursuant to these Articles.

**“IPO”** shall mean: the listing of all of the Equity Shares of the Company on (a) The Bombay Stock Exchange or the National Stock Exchange of India, or (b) any other major international stock exchange.

**“IPO Event”** shall mean a decision by the board of directors of the Company resolving that the Company undertake and complete an IPO and the appointment of a merchant banker/underwriter pursuant to such decision of the board of the Company for purposes of the proposed IPO.

**“Person”** shall mean a natural person, limited or unlimited liability company, corporation, partnership, proprietorship, unincorporated association or organisation, trust or other entity, including, without limitation, a Hindu undivided family or any other entity that may be treated as a person under applicable law

**“Promoters”** shall mean Mr. Sharad Kajaria and Mr. Arvind Kajaria collectively and with their permitted successors and assigns.

**“Original CCPS Issue Price”** shall mean Seven Hundred and Sixty Seven Indian Rupees (INR 767).

**“Preferred Shares” or “CCPS”** shall mean the 2,55,805 (amounting to all of the current issued and outstanding) Series A Compulsory Convertible Cumulative Participating Preference Shares of the Company, having a nominal value of INR 767 each, of the Company held by the Investor pursuant to the Subscription Agreement.

**“Preferred Shareholder”** shall mean Intel Capital (Mauritius) Limited together with any permitted successor or assign and shall include any transferee, to whom all or part of the Investor Shares have been transferred in accordance with these Articles and the Shareholders Agreement.

**“Scheme of Arrangement”** means a scheme of arrangement under Section 391 to 394 of the Indian Companies Act, 1956 as filed before the High Court of Calcutta, India as “557 of 2006” and as filed before the High Court of Judicature at Bombay as “1160 of 2006”

**“Shareholders Agreement”** shall mean the Amended and Restated Shareholders Agreement made on October 12, 2009 by and among the Company, Mr. Sharad Kajaria, Mr. Arvind Kajaria, and Intel Capital (Mauritius) Limited together with any permitted successor or assign, as the same may be amended, supplemented or modified in accordance with the terms thereof.

**“Subscription Agreement”** shall mean the Subscription Agreement made on December 24, 2007 by and among the Company, Mr. Sharad Kajaria, Mr. Arvind Kajaria, and Intel Capital (Mauritius) Limited together with any permitted successor or assign, as the same may be amended, supplemented or modified in accordance with the terms thereof.

**“Trustee Shares”** means the equity shares issued to the individual trustee or board of trustee or corporate trustee under Para 11 of the Scheme of Arrangement.

191. Issue of Equity Shares: Any fresh issue of equity shares can be of two types:

- (a) equity shares with voting rights; and



- (b) equity shares with differential rights as to dividend, voting or otherwise.
192. **IPO Event:** (i) Upon the occurrence of an IPO Event the Company and the shareholders shall, acting in good faith, agree on such actions and amendments to these Articles as are, based on a written opinion from the Company's legal advisors to the IPO, necessary to comply with applicable law and regulation, the Company's Listing Agreement, and applicable SEBI regulations and which amendments shall become effective on the date of filing of a draft offer document with the SEBI in respect of an initial public offering of the securities of the Company; (ii) the Company and the shareholders hereto shall work together in good faith to protect the rights of the Preferred Shareholder granted herein and in the Shareholders Agreement until the consummation of an IPO; and (iii) if the proposed IPO is abandoned or not consummated within twelve months of such amendment of these Articles, the Articles shall again be amended to once again reflect the provisions of the Investor Rights Agreement and the Shareholders Agreement;
193. Notwithstanding anything to the foregoing, the Preferred Shareholder shall not be required to approve any amendments under Article 192 (i) above until immediately prior to the filing of the draft offer document with the SEBI, and in any event shall be entitled to require, as a precondition to approving any such amendments, that all other shareholders of the Company undertake in writing to cause these Articles to be amended when, if and as required in accordance with Article 192 (iii) above.
194. **Preemptive Rights.** The Company hereby grants to the Investor rights of first refusal to purchase, up to the Investor's pro-rata share, all (or any part) of New Securities (as defined below) that the Company may, from time to time, propose to sell and issue, as long as the Investor holds any Investor Shares. The Investor's pro rata share shall be the ratio of the number of shares of the Company's Equity Shares then held by the Investor as of the date of the Rights Notice (as defined in sub clause (b) below), to the sum of the total number of fully paid Equity Shares issued and outstanding as of such date. The foregoing pre-emptive rights would apply equally and pro rata to all other holders/ owners of shares in the Company. This right of first refusal shall be subject to the following provisions:
- (a) **"New Securities"** shall mean any Equity Shares or preference shares of any kind of the Company, whether now or hereafter authorized, and rights, options, or warrants to purchase said Equity Shares or preference shares, and securities of any type whatsoever that are, or may become, convertible into or exchangeable for said Equity Shares or preference shares; provided, however, that "New Securities" shall not include (i) Equity Shares issued by the Company in connection with subdivisions, combinations or issuances of dividends payable in additional shares of Equity Shares, or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Equity Shares; (ii) up to 60,000 Equity Shares issued to employees, directors or consultants of the Company upon the exercise of Board-approved options pursuant to a duly approved share incentive plan, (iii) Investor Shares, (iv) Equity Shares issued in an IPO and (v) Shares issued in connection with any merger or acquisition approved by the Investor.
- (b) If the Company proposes to issue New Securities, it shall give the Investor written notice (the **"Rights Notice"**) of its intention, describing the New Securities, the price the general terms upon which the Company proposes to issue them, and the number of shares that the Investor has the right to purchase under this Article 194. The Investor shall have thirty (30) days from delivery of the Rights Notice to agree to purchase (i) all or any part of its pro-rata share of such New Securities and (ii) all or any part of the pro-rata share of any other shareholder (including for this purpose any permitted transferee of the shareholder) entitled to such rights to the extent that such other shareholder does not elect to purchase its full pro-rata share, in each case for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Company setting forth the quantity of New Securities to be purchased. If the shareholders who elect to purchase their full pro-rata shares also elect to purchase in the aggregate more than 100% of the New Securities, such New Securities shall be sold

to such shareholders in accordance with their respective pro-rata share.

- (c) If the Investor fails to exercise in full its preemptive rights within the period or periods specified in sub clause (b), the Company shall have one hundred eighty (180) days after delivery of the Rights Notice to sell the unsold portion of the New Securities at a price and upon general terms no more favorable to the purchasers thereof than specified in the Rights Notice. If the Company has not sold the New Securities within said one hundred eighty (180) day period the Company shall not thereafter issue or sell any New Securities without first offering such securities to the Investors in the manner provided above.
  - (d) The Investor will not object if the Company elects to offer similar pro rata rights of participation to other shareholders of the Company so long as the formula used by the Company for determining any other shareholder's pro rata amount does not result in a reduction of the number of New Securities that may be acquired by the Investor pursuant to this Article 194. In the event of any such potential conflict, the rights of the Investor granted in this Article 8 shall supersede those given by the Company to any other shareholder.
  - (e) All rights set forth in this Article 8 shall terminate upon an IPO.
195. **Dispositions by Promoters.** Any sale, assignment, transfer, pledge, hypothecation, mortgage, disposition of, by gift or otherwise, or encumbrance (each of the foregoing being referred to as a "**Disposition**") of all or any of the shares in the capital stock of the Company, of any class or series, now owned by a Promoter (such shares, the "**Securities**") shall be subject to the following:
196. General. Prior to the closing of an IPO, a Promoter shall not effect a Disposition of any shares in the capital stock of the Company, of any class or series owned by him or her ("**Securities**") without the prior written consent of the Preferred Shareholder *provided* that a Promoter may sell certain Securities to the extent permitted in these Articles after complying with all procedures relating to the Preferred Shareholder's rights contained therein and *provided further* that the Securities shall not be subject to the restrictions on any transfer being made inter se between the Promoters or from a Promoter to his, her or its Affiliate so long as (a) such Affiliate executes a deed of adherence to the Shareholders Agreement, (b) any Affiliate, prior to ceasing to qualify as an Affiliate of such Promoter, must make a subsequent Disposition by a means that restores title to any previously disposed shares to a Promoter or the Affiliate of a Promoter, and (c) no Affiliate may make a Disposition to any person other than an Affiliate of an original Promoter regardless of whether or not such subsequent recipient would qualify as an Affiliate of such transferring Affiliate.
197. Consequences of Prohibited Transfer. In the event that a Promoter should sell or otherwise transfer any Securities in contravention of these Articles (a "**Prohibited Transfer**"), the Preferred Shareholder may proceed to protect and enforce its rights by suit in equity or by action at law, whether for the specific performance of any term contained in the Shareholders Agreement or for an injunction against the breach of any such term or in furtherance of the exercise of any power granted in the Shareholders Agreement, or to enforce any other legal or equitable right of the Preferred Shareholder or to take one or more of such actions. In addition to any other remedy at law or in equity available to the Preferred Shareholder and taking into consideration the fact that the quantum of the damages suffered by the Preferred Shareholder arising from such breach of this contract would be difficult to determine at the time of such breach, the Preferred Shareholder shall, in the event that no remedy of specific performance has been granted as a result of such breach, have the right to receive from such transferring Promoter liquidated damages equal to twice the total consideration received, whether directly or indirectly, by the transferring Promoter and/or its affiliates in exchange for such Securities and/or any related rights transferred therewith.
198. Any Promoter proposing to transfer all or any Securities, pursuant to the terms of a bona fide offer ("**Purchase Offer**") received from any person or entity, (the "**Offeror**") shall first offer such Securities (for purposes of this Article 198, the "**Offered Securities**"), on the terms of

the proposed transfer, to the Preferred Shareholder via sending the Preferred Shareholder a written notice (with a copy to the Company) (for purposes of this Article 198, the “**Offer**”), stating therein the identity of the proposed transferee(s) and the proposed terms of sale of the Offered Securities. The Preferred Shareholder may by notice in writing to the offering Promoter (with a copy to the Company) (for purposes of this Article 198, “**Election Notice**”), to be delivered within forty five (45) days of receipt of the Offer (for purposes of this Article 198, “**Election Period**”), either:

- (a) accept such Offer to acquire all of the Offered Securities; or
- (b) (instead of accepting the Offer), elect to sell to the Offeror such number of its Shares (“**Pro-Rata Shares**”) as shall be specified in the Election Notice to the Offeror being a number that shall not be higher than the number derived by multiplying the total number of Offered Securities times a fraction the numerator of which is the number of Equity Shares owned by the Preferred Shareholder and the denominator of which is the total number of outstanding fully paid Equity Shares (assuming, for purposes of this regulation, the conversion of all Preferred Shares), in the manner set out in Article 200 below (“**Co-Sale Right**”).

- 199. If the Preferred Shareholder accepts the Offer as set out in Article 198 above, the Preferred Shareholder shall acquire the Offered Securities, on the terms mentioned in the Offer and the selling Promoter and the purchasing Preferred Shareholder shall use all commercially reasonable efforts to complete any transfer of shares pursuant to this Article 199 shall be completed within a period of thirty (30) days from the expiry of the Election Period (the “**Purchase Period**”).
- 200. If the Preferred Shareholder exercises its Co-Sale Right, in respect of the Offer as set out in Article 198(b) above, the number of Securities that the Promoter may sell pursuant to the Purchase Offer shall be reduced by that number of Pro-Rata Shares specified in the applicable Election Notice, and at the closing of the sale of Securities to the Offeror, the Promoter shall transfer his Securities to the Offeror only if the Offeror concurrently therewith purchases, on the same terms and conditions specified in the Offer, all of the Pro-Rata Shares specified by the Preferred Shareholder in the relevant Election Notice and the Preferred Shareholder and the selling Promoter shall use all commercially reasonable efforts to cause the aforesaid closing to be completed within a period of thirty (30) days from the expiry of the Election Period.
- 201. If the Preferred Shareholder does not issue any Election Notice within the Election Period or fails to acquire the Offered Securities or sell its Pro-Rata Shares within the Purchase Period or the Co-Sale Period, as the case may be, then the Preferred Shareholder shall not be entitled to acquire the Offered Securities or sell its Pro-Rata Shares, and the Offeror, at the expiration of the Election Period or the Purchase Period or the Co-Sale Period, as the case may be, shall be entitled to transfer all (but not less than all) of the Offered Securities to the proposed transferee(s) identified in the Offer, *provided, however*, that in no event shall the Offeror transfer any of the Offered Securities to any transferee other than such accepting Offerees or such proposed transferee(s) or transfer the same on terms more favorable to the buyer(s) than those stated in the Offer, and, *provided further*, that any of the Offered Securities not transferred within ninety (90) days after the expiration of such Election Period, Purchase Period or Co-Sale Period, as the case may be, shall again be subject to the provisions of these Articles.
- 202. **Legend:** Each certificate representing Securities of the Promoters shall be endorsed with the following legend written in English:

THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN AMENDED AND RESTATED SHAREHOLDERS AGREEMENT DATED OCTOBER 12, 2009, BY AND AMONG THE COMPANY, THE HOLDER HEREOF AND OTHER SHAREHOLDERS OF THE COMPANY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

The above legend shall be removed upon termination of the Shareholders Agreement

203. **Transfers by the Preferred Shareholder:**

- (a) The Investor Shares shall be freely transferable and assignable and shall not be subject to any contractual lock-up, rights of first refusal or co-sale or other restrictions or encumbrances on transfer except for any restrictions imposed by law; provided that any transfer to one of the ten persons identified on Schedule 3 of the Investor Rights Agreement, as amended (each, a “**Competitor**”) may only be effected in accordance with the remainder of this Article 203.
- (b) In the event the Preferred Shareholder desires to transfer all or any Preference Shares or Equity Shares issued upon the conversion of any Preference Shares pursuant to the terms of a bona fide offer from a Competitor (“**Competitor Purchase Offer**”) and such transfer is to occur prior to December 24, 2012, the Preferred Shareholder may only effect such transfer after:
  - (i) obtaining the prior written consent of Mr. Arvind Kajaria if at such time he is a holder of any Securities,
  - (ii) obtaining the prior written consent of Mr. Sharad Kajaria if at such time he is a holder of any Securities; and
  - (iii) obtaining the prior written consent of the holders of a majority of the Securities then held by any Promoter(s) if at such time neither Mr. Arvind Kajaria nor Mr. Sharad Kajaria is a holder of any Securities.
- (c) In the event the Preferred Shareholder desires to transfer any Preference Shares or Equity Shares issued upon the conversion of any Preference Shares pursuant to a Competitor Purchase Offer, it shall, after obtaining the consents, if any, required by Article 203(b) above, offer such shares (for purposes of this Article 203, the “**Offered Shares**”), on the terms of the proposed transfer, to the Promoters via sending each of the Promoters a written notice (with a copy to the Company) (for purposes of this Article 203, the “**PS Offer**”), stating therein the identity of the Competitor and the proposed terms of sale of the Offered Shares. Each of the Promoters may by notice in writing to the Preferred Shareholder (with a copy to the Company) (for purposes of this Article 203, “**PS Election Notice**”), to be delivered within thirty (30) days of receipt of the PS Offer (for purposes of this Article 203, “**PS Election Period**”) accept such PS Offer to acquire all of the Offered Shares pro rata their shareholding in the Company on the relevant date. Each PS Election Notice will indicate if the delivering Promoter (an “**Accepting Party**”) is willing to purchase additional Offered Shares by way of over-allotment in the event that one or more of the Promoters (a “**Declining Party**”) declines to acquire the Offered Shares as aforesaid or fails to respond to the PS Offer. The Accepting Parties that have indicated in their PS Election Notice that they desire to acquire additional Offered Shares via their right of over-allotment, shall be allowed to purchase such number of the Offered Shares declined by the Declining Party pro-rata to their shareholding. The Preferred Shareholder shall only be entitled to sell such Offered Shares to the Competitor in accordance with the provisions of this Article 203 if the Accepting Parties decline to acquire such Offered Shares (it being clarified that the Accepting Parties shall only be entitled to accept all but not some of such Offered Shares) or fail to respond to the Preferred Shareholders’ offer during the PS Election Period.

- (d) If either (a) all the Promoters accept the PS Offer as set out in Article 203(b) above or (b) any of the Promoters accepts the PS Offer and indicates in its PS Election Notice that it will accept additional Offered Shares via its right of over-allotment, the Promoters shall acquire all but not less than all of the Offered Shares, on the terms mentioned in the PS Offer and the Preferred Shareholder and the purchasing Promoters shall use all commercially reasonable efforts to complete the transfer of shares pursuant to this Article 203(c) within a period of forty-five (45) days from the expiry of the PS Election Period.
- (e) if any or each of the Promoters (a) do not issue any PS Election Notice, or (b) having issued a PS Election Notice, fail to complete the sale of the Offered Shares within the forty-five (45) day period set out in Article 203(c), then that Promoter or each of the Promoters, as the case may be, shall not be entitled to acquire the Offered Shares, and the Preferred Shareholder, at the expiration of the PS Election Period or the forty-five (45) day period for closing referred to in Article 203(c) (as applicable), shall, subject to Article 203(a) above, be entitled to transfer all (but not less than all) of the Offered Shares to the Competitor identified in the PS Offer, *provided, however*, that in no event shall the Preferred Shareholder transfer any of the Offered Shares to any Competitor on terms more favorable to the buying Competitor than those stated in the PS Offer, and, *provided further*, that any of the Offered Shares not transferred within ninety (90) days after the expiration of the PS Election Period or such forty-five (45) day period (as applicable) shall again be subject to the provisions of this Article 203 should the Preferred Shareholder again propose to sell such shares to any Competitor.
- (f) The Preferred Shareholder shall be entitled to disclose to any bona fide proposed transferee of shares (other than a Competitor) any information, documents, or materials concerning the Company known to or in the possession of the Preferred Shareholder, and the Company would provide any assistance or cooperation reasonably requested by the Preferred Shareholder or any proposed transferee (other than a Competitor) in connection with such proposed transferee's due diligence investigation of the Company *provided* that such disclosure is necessary for the purposes of making an investment decision in relation to the Company and provided further that the proposed transferee has executed an appropriate non-disclosure undertaking reasonably satisfactory to the Company.
- (g) Consequences of Prohibited Transfer. In the event that the Preferred Shareholder should sell or otherwise transfer any Shares in contravention of this Article 203, the Promoters may proceed to protect and enforce their rights by suit in equity or by action at law, whether for the specific performance of any term contained in this Agreement or for an injunction against the breach of any such term or in furtherance of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right of the Promoters or to take one or more of such actions.

204. **Buy Back of Shares:**

- (a) Subject to and in accordance with the applicable provisions of the Act then prevailing, the Company shall have power to purchase any of its fully paid shares or securities, which purchase shall not be deemed to be reduction of share capital by Section 100 of the Act.
- (b) Subject to compliance with the requirements of law, beginning on December 24, 2012, upon request by the Preferred Shareholder (a "Buy Back Notice"), the Company shall buy back and or all of the Investor Shares (the "Buy Back Shares") for a buy back price per Buy Back Share equal to 125% of the Original CCPS Issue Price plus any declared or accrued but unpaid dividends thereon to the date of buy back, in each case, proportionally adjusted for stock splits, stock dividends, and the like less the amount of any dividend actually paid to such Preferred Shareholder as adjusted for share split, combination, bonus and similar event.

- (c) In the event that applicable law restricts the Company to complete the buy back of all of the Buy Back Shares, then at the option of the Preferred Shareholder, the Company shall buy back the maximum number of Buy Back Shares that the Company is permitted under applicable law and the remaining number of the Buy Back Shares shall be bought back by the Company on the earliest date permitted by applicable law.
- (d) The Promoters waive and agree, subject to applicable law, to assign to Investor any rights under applicable law that it may have to participate on a pro rata basis in any buy back offer made by the Company pursuant to this Article 204.
- (e) Nothing in this Article shall be construed as an obligation on the Investor to accept a buy back offer made by the Company.

205. **Special Approvals.** Notwithstanding anything to the contrary in these Articles and without limiting any voting requirements or protection conferred on the holders of the Investor Shares by law, the prior written consent of the Investor, shall be required for any of the following actions:

- (a) any amendment of the Company's or any Subsidiary's Memorandum of Association, these Articles, or any rights/privileges enjoyed by holders of the Investor Shares;
- (b) any authorization or issuance of additional Preferred Shares or of any other shares of the capital stock of the Company having terms on par with, or more favourable than, those applicable to the Preferred Shares, unless the subscription price for such shares is equal to or greater than 150% of the price paid by the Investor for the Preferred Shares taking into account both the then-applicable conversion rate of both (A) the Preferred Shares and (B) if applicable, the shares to be so issued;
- (c) any change in the number, manner of election, or term of office of the directors of the Company or any Subsidiary other than appointments/removals made in accordance with the terms and conditions of the Investor Rights Agreement;
- (d) any dividend or distribution on or redemption/repurchase of any shares of the Company or any Subsidiary other than a wholly-owned Subsidiary;
- (e) any winding-up, liquidation or dissolution of the Company or any Subsidiary;
- (f) any merger, acquisition, consolidation, reorganization, or other change of control of the Company or any Subsidiary, or any sale, transfer, mortgage of all or a principal part of the Company's or any Subsidiary's assets or property, including without limitation any transfer in the form of an exclusive license of intellectual property rights;
- (g) any incurrence by the Company or any Subsidiary of absolute or contingent indebtedness for borrowed money, in either case exceeding \$3,000,000 in any transaction or series of related transactions in any financial year unless the same has been approved in the business plan in accordance with (q) below or any assumption or guarantee by the Company or any Subsidiary of any liability of any person other than a wholly-owned Subsidiary;
- (h) any purchase or other acquisition by the Company or any Subsidiary of tangible or intangible assets or of shares or other equity securities in any person, other than a wholly-owned subsidiary, for a purchase price of \$500,000 or greater (or the equivalent in another currency) in any transaction or series of related transactions in any financial year unless the same has been approved in the business plan in accordance with (o) below;
- (i) any merger, acquisition, reorganization, or change in control of, or any sale or other

disposition of any substantial part of the assets of, any person owned or controlled by the Company or any Subsidiary, other than to a wholly-owned Subsidiary;

- (j) any material change in the terms of employment of any Promoter; or any transaction between the Company or any of its Subsidiaries with any director, officer, or Promoter of the Company, with any family member of any such director, officer, or Promoter, or with any entity owned or controlled by any such director, officer, or Promoter or any of their family members;
  - (k) the adoption, amendment, or termination of any employee equity incentive plan;
  - (l) the issuance by any Subsidiary of any share capital or rights convertible into share capital of such Subsidiary;
  - (m) setting up or acquisition of any Subsidiary;
  - (n) material amendments to the annual business plan;
  - (o) approval of any capital expenditure exceeding US\$350,000 (or the equivalent in local currency) within any financial year other than as a part of the routine operations of the Company or unless the same has been approved in the business plan in accordance with (o) above;
  - (p) approval of any agreement with a third party having revenue implications, or more likely than not to (1) have revenue implications, in excess of US\$2,000,000 (or the equivalent in local currency) or (2) result in the incurrence of liabilities in excess of US\$1,000,000 (or the equivalent in local currency), in either case, in any transaction or series of transactions within any financial year;
  - (q) the hiring of a new Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, or any person having a position of vice president or above and having similar responsibilities if any such position is vacant; or
  - (r) any actions taken by the Company relating to or including (1) any acquisition, divestiture, reclassification, recapitalization, or other alteration to the current shareholding pattern and/or share capital of the Indian Subsidiary; (2) any amendment to any shareholders agreement related to the Indian Subsidiary; (3) the provision of any financing by the Company to the Indian Subsidiary, or (4) the assumption (whether directly or by guarantee or undertaking) by the Company of any obligations of the Indian Subsidiary, provided that nothing in this clause shall apply in the case of the merger of the Indian Subsidiary with the Company.
  - (s) any sale, transfer, assignment, pledge, encumbrance or other disposition of any interest in the Trustee Shares.
206. Without limiting any voting requirements or protection conferred on the holders of Investor Shares by law or elsewhere in Article 45 and subject to the applicable laws, the prior written consent of the Investor shall be required for any authorization, issuance or redemption of shares of the capital stock of the Company having any terms, including without limitation terms with regard to conversion, redemption, dividend preference, or liquidation preference, more favourable than those applicable to the Investor Shares.

#### INITIAL PUBLIC OFFERING

207. **Registration Rights.** The following provisions relate to the registration/listing of the Company's securities:

- (a) Definitions. As used herein, the following terms have the following meanings:

“**Register**”, “**registered**” and “**registration**” refer to a registration effected by filing

a registration statement in compliance with the Securities Act or the Securities and Exchange Board of India Act, 1992 and any rules and regulations made thereunder and the declaration or ordering by such body of effectiveness of such registration statement, or the equivalent actions under the laws of another jurisdiction.

**“Registrable Shares”** means all Equity Shares issuable upon conversion of the Investor Shares and all Equity Shares issued by the Company in respect of such shares and all Equity Shares that the Investors may hereafter purchase pursuant to their pre-emptive rights, rights of first refusal or otherwise.

- (b) Demand Registration in the US. At any time following the closing of an IPO in the United States, any Investor may request in writing that all or part of the Registrable Shares shall be registered under the Securities Act. The details and procedures relating to this right of the Investor shall be established by the Board if and when any such request is made but shall be consistent with registration rights customarily negotiated by venture capital investors in early-stage financings in the United States.
- (c) Demand Registration outside the US. If at any time Equity Shares of the Company are offered in an IPO (**“Non-US Offering”**), the Investor would have the right to include a pro-rata number of shares (based on the percentage represented by the Investor Shares out of the total number of Equity Shares then held by the selling Investor and all other shareholders selling in the offering) in the offering on terms and conditions no less favorable to each selling Investor than to any other selling shareholder.
- (d) Indian Lock in. In the event that applicable securities laws would apply to some but not all of the issued and outstanding shares of the Company in and/or following a public offering (including without limitation pursuant to Regulation 36 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009), the Company shall use best efforts to ensure that the shares held by the Investor are not subject to such lock in, or if subject, are subject to the minimum extent necessary and for the shortest period legally possible.
- (e) Promoter status under Indian law. The Company shall not by way of a contractual agreements between the Company and the Investor, any public announcement, any representation made to any third party, any filing made to any governmental authority, or otherwise (a) construe the Investor to be, or hold the Investor out to be, a “promoter” of the Company or (b) take any other action or omit to take any action that could reasonably be construed to have the effect of subjecting the Investor to any limitation imposed by Regulation 36 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; provided, however, that it shall not be construed to be a violation of this clause by the Company if by virtue of the terms of the Financing Agreements, and despite compliance by the Company with its obligations under (a) or (b) above, the Investor is construed as a “promoter” of the Company for purposes of any applicable law. Subject to applicable law, so long as any Promoter holds shares of the Company, the Company shall not, to the extent legally permissible, take any other action or omit to take any action that could reasonably be construed to have the effect of allowing such Promoter to not be classified as a “promoter” of the Company by the SEBI.
- (f) Expenses. All expenses incurred in connection with any registration shall be subject to Board Approval as and when applicable. The Company shall bear all expenses associated with an IPO including listing/issue/registration expenses to the maximum extent permitted by law.
- (g) Assignment of Registration Rights. The Investor may assign its rights to cause the Company to register Shares pursuant to this Article 207 to a transferee of all or any part of its Registrable Shares. The transferor shall, within twenty (20) days after such transfer, furnish the Company with written notice of the name and address of such transferee and the securities with respect to which such registration rights are being



assigned, and the transferee's written agreement to be bound by this Article 207.

- (h) Grant of Additional Registration Rights. The Company may not grant additional registration rights senior to or on parity with the rights granted hereunder to the Investors pursuant to this Article 47 without the prior written consent of the Investor.

208. **Ongoing Composition of the Board of Directors**

Out of the Authorized Directors' Number:

- (a) For so long as the Investor holds not less than 10% of the issued and outstanding paid up share capital of the Company (on a fully diluted, as converted basis), the Investor shall be entitled to nominate one director ("**Investor Director**");
- (b) The Promoters shall at all times be entitled to appoint two directors; and
- (c) The remaining two directors shall be independent directors not concurrently employed by the Company or its subsidiaries or by the Investor, and would be appointed with the approval of a majority of the holders of the Equity Shares then outstanding provided that the Company shall take prior approval of the Investor before any such appointment. Any director(s) referred to in (a) and (b) above may only be removed from office (by written notice) by the party that nominated such director, and any vacancy, however created, on the Board may only be filled (by written notice) by the party that nominated the previous incumbent of such vacancy. Any such act shall become effective on the date fixed in such notice, or upon the delivery of such notice to the Company, whichever is later. Any independent director may be removed either by ordinary resolution of the shareholders of the Company passed at a general meeting or a majority of the Directors present and voting at a Board meeting. Any vacancy created by the removal of an independent director would be filled by the appointment of an independent director with the approval of a majority of the holders of the Equity Shares then outstanding provided that the Company shall take prior approval of the Investor before any such appointment.

209. **Board Observer.** So long as the Investor beneficially owns, either directly or indirectly, any Investor Shares, the Company will permit a representative of the Investor (the "**Observer**") to attend all meetings of the Board and all meetings of the board of directors of the Subsidiaries and all committees thereof (whether in person, telephonic or other) in a non-voting, observer capacity and shall provide to the Investor, concurrently with the members of the Board or the board of directors of a Subsidiary, as applicable, and in the same manner, notice of such meeting and a copy of all materials provided to such members. The Company may, in its sole discretion, invite one or more additional representatives of the Investor to attend meetings of the Board as additional Observers.

## **SECTION IX: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, West Bengal for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### ***Material Contracts to the Issue:***

1. Agreement dated October 30, 2009 between the Company and the BRLMs.
2. Agreement dated October 16, 2009 between the Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between the Company, BRLMs, Escrow Collection Bank and the Registrar to the Issue.
4. Underwriting Agreement dated [●] between the Company, BRLMs, and the Syndicate Members.
5. Syndicate Agreement dated [●] between the Company, BRLMs and the Syndicate Members.

#### ***Material Documents***

1. Memorandum and Articles of Association of the Company as amended.
2. Certificate of incorporation dated February 27, 1996 and certificates for the subsequent name changes.
3. Shareholders' resolutions dated September 19, 2009 and April 1, 2007 in relation to appointment of the Managing Director and the Whole time Director of our Company.
4. Resolution of the Board of Directors dated October 12, 2009 authorising the Issue.
5. Shareholders' resolutions dated October 15, 2009 in relation to the Issue and other related matters.
6. Report of the Auditor, K.N. Gutgutia & Co., dated October 19, 2009 prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus including consent for inclusion of their reports on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.
7. Report on statement of tax benefits dated October 19, 2009 from the Auditor, K.N. Gutgutia & Co as contained in the Draft Red Herring Prospectus.
8. Copies of annual reports of the Company for the last five Fiscals.
9. Consent of the Auditor, K.N. Gutgutia & Co., for inclusion of their names as auditors in this Draft Red Herring Prospectus.
10. General Powers of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.

11. Consents of Bankers to the Company, the BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Bankers to the Company, Domestic Legal Counsel to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
12. Applications dated [●] for in-principle listing approval to the NSE and BSE, respectively.
13. In-principle listing approval dated [●] and [●] from the NSE and BSE respectively.
14. Tripartite Agreement among NSDL, the Company and the Registrar to the Issue dated October 06, 2009.
15. Tripartite Agreement among CDSL, the Company and the Registrar to the Issue dated October 06, 2009.
16. Due diligence certificate dated November 2, 2009 addressed to SEBI from the BRLMs.
17. SEBI observation letter [●] dated [●] and the Company's in-seriatim reply to the same dated [●].
18. IPO Grading report dated [●] by [●].
19. Intel Agreements dated December 24, 2007, Amended and Restated Shareholders Agreement dated October 12, 2009 and Amended and Restated Investor Rights Agreement dated October 12, 2009.
20. Service Provider Agreements with 123Greetings.com, Inc., dated April 1, 2003, with One Two Three Greetings (India) Private Limited dated January 31, 2007 and with 123Greetings (Singapore) Pte Limited dated May 15, 2007.
21. The Scheme of Amalgamation sanctioned by the High Court of Calcutta on June 20, 2007 and by the High Court of Bombay on May 4, 2007.

Any of the contracts or documents mentioned in this Draft 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.

## **DECLARATION**

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India and the regulations issued by 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 Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **Signed by the Directors of the Company**

Sd/-  
Arvind Kajaria  
(Managing Director)

Sd/-  
Sharad Kajaria  
(Whole Time Director)

Sd/-  
Amitava Ghose  
(Independent Director)

Sd/-  
Deepak Narottamdas Kanabar  
(Independent Director)

Sd/-  
Vishal Agarwal  
(Independent Director)

Sd/-  
Rupinder Singh  
(Independent Director)

Sd/-  
Mukesh Goel  
General Manager - Finance

Sd/-  
Rajendra Kumar Chotia  
Company Secretary & Compliance Officer

**Date : November 2, 2009**  
**Place : Kolkata**

## **ANNEXURE: IPO GRADING REPORT AND RATIONALE**

[•]