



OnMobile Global Limited

(Our Company was incorporated as Onscan Technologies India Private Limited on September 27, 2000. The name of our Company was changed to OnMobile Asia Pacific Private Limited with effect from April 10, 2001 and a fresh certificate of incorporation consequent on change of name was issued by the Registrar of Companies, Karnataka. The name of our Company was further changed to OnMobile Global Limited and status of our Company was changed to a public limited company by a special resolution of the members passed at the annual general meeting held on August 17, 2007. The fresh certificate of incorporation consequent on change of name was granted to our Company on August 21, 2007 by the Registrar of Companies, Karnataka.)

Registered Office: No. 26, Bannerghatta Road, J.P.Nagar 3rd Phase, Bangalore 560 076, India
For changes in our registered office see "History and Certain Corporate Matters" on page 110.

Company Secretary and Compliance Officer: Srikiran D.

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PUBLIC ISSUE OF 10,900,545 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE BY ONMOBILE GLOBAL LIMITED (THE "COMPANY OR "THE ISSUER"), CONSISTING OF A FRESH ISSUE OF 8,613,356 EQUITY SHARES AND AN OFFER FOR SALE OF 2,287,189 EQUITY SHARES BY ONMOBILE SYSTEMS INC. (THE "SELLING SHAREHOLDER" OR "OMSI") AGGREGATING RS. [●] MILLION (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 18.99 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS [●] TIMES THE FACE VALUE AND THE CAP PRICE IS [●] TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

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

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times of the face value. The Issue price (as determined by the Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded [●] by CRISIL Limited.

LISTING ARRANGEMENT

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approvals from NSE and BSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, the Designated Stock Exchange is [●].

BOOK RUNNING LEAD MANAGERS



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Fort
Mumbai 400 001
India
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Website: www.db.com/india
Contact Person: Mr. Sameer Taimni
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ICICI Securities Limited
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Karvy House
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Fax: (91 40) 2342 0814
Email: einward.ris@karvy.com
Website: www.kepl.karvy.com
Contact person: Mr. M. Murali Krishna

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: [●]

BID/ISSUE CLOSES ON: [●]

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
“We”, “us”, “our”	Unless the context otherwise indicates or implies, “we”, “our”, or “us”, refers to OnMobile Global Limited and its Subsidiaries on a consolidated basis
“the Issuer”, “the Company” and “our Company”	Refers to OnMobile Global Limited on a stand alone basis

Company Related Terms

Term	Description
Argo	Argo Global Capital LLC (through ARGV IV L.P., ARGV V L.P. and ARGV II: The Wireless Internet Funds)
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company
Board/ Board of Directors	Board of Directors of our Company, unless otherwise specified
CTO	Chief Technology Officer
DB	Deutsche Bank AG
ESOP Plan I, 2003	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 1,026,000 (Adjusted to 13,338,000 after adjusting for the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at EGM held on November 29, 2003
ESOP Plan II, 2003	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 114,000 (adjusted to 1,482,000 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at EGM held on November 29, 2003
ESOP Plan III, 2006	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 61,567 (adjusted to 774,371 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at AGM held on July 24, 2006
ESOP Plan I, 2007	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 975,000. The plan was approved by the shareholders of our Company at AGM held on August 17, 2007. No grants have been made under this plan
ESOP Plan II, 2007	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 5,720 (Adjusted to 74,360 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at AGM held on August 17, 2007. No grants have been made under this plan
ESOP Plans	ESOP Plan I, 2003, ESOP Plan II, 2003, ESOP Plan III, 2006, ESOP Plan I, 2007 and ESOP Plan II, 2007
Infosys	Infosys Technologies Limited
Investment Agreement	Investment agreement dated August 30, 2006 entered into between our Company, Deutsche Bank AG, Jade Dragon (Mauritius) Limited, Kings Road Investments (Mauritius) Limited, OnMobile Systems Inc., Argo Global Capital, Arvind Rao and Chandramouli Janakiraman, as amended by an Addendum to the Investment Agreement of even date
ITfinity	ITfinity Solutions Private Limited
JD	Jade Dragon (Mauritius) Limited
Key Equity Holders	Arvind Rao and Chandramouli Janakiraman
Kings Road	Kings Road Investments (Mauritius) Limited
Letter of Variation	Letter of Variation executed on August 17, 2007 between OMSI, Arvind Rao, Chandramouli Janakiraman, Deutsche Bank AG, Jade Dragon (Mauritius) Limited, Kings Road Investments (Mauritius) Limited our Company and Argo Global Capital
Memorandum	Memorandum of Association of our Company
New Equity Shares	Equity shares subscribed to by Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments Limited under the Investment Agreement
New Preference Shares	Preference shares subscribed to by Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments Limited under the Investment Agreement
New Securities	Shares or share equivalents of the Company, or any rights, options or warrants to purchase the same, excluding those issued pursuant to ESOP, Approved ESOP,

	share splits, share consolidation or bonus issue, or issued under an IPO
Offered Shares	Shares or share equivalents transferred by Arvind Rao or Chandramouli Janakiraman to any person
OMSI	OnMobile Systems, Inc.
Parent Company	OMSI
Registered Office	Registered office of our Company situated at 26, Bannerghatta Road, J.P.Nagar 3 rd Phase, Bangalore 560 076
Promoters	OMSI, Arvind Rao and Chandramouli Janakiraman
Promoter Group	Promoter Group Individuals and Promoter Group Entities
Promoter Group Entities	RiffMobile Private Limited and Mobile Traffik Private Limited
Promoter Group Individuals	Sharad Rao, P.V. Sunitha, V. Janakiraman, J. Radha, J. Ramesh, J. Seetha, P.S. Venkatasubramanian N.K. Parvathi and P.V. Kannan
Secondary Sale	Sale by OMSI of 2,042,141 Equity Shares of our Company after the filing of the DRHP and prior to the filing of the RHP with SEBI, to various non-resident investors
Shareholders Agreement	Shareholders agreement dated August 30, 2006 entered into between our Company, Deutsche Bank AG, Jade Dragon (Mauritius) Limited, Kings Road Investments Limited, Argo Global Capital LL.C., Arvind Rao and Chandramouli Janakiraman
Subsidiaries	Subsidiaries of our Company, namely, OnMobile Australia Pty. Ltd., OnMobile Singapore Pte. Ltd., PT OnMobile Indonesia, Phonetize Solutions Private Limited, Vox mobili SA and Vox mobili Inc.
Vox mobili	A subsidiary of our Company Vox mobili SA, a company incorporated under the laws of France

Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment and transfer of Equity Shares, pursuant to the Issue and the transfer of Equity Shares pursuant to the Offer for Sale
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued or transferred
Banker(s) to the Issue	[•]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Kannada newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Kannada newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
Book Running Lead Managers/BRLMs	Book Running Lead Managers to the Issue, in this case being Deutsche Equities India Private Limited and ICICI Securities Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	A price within the price band finalised by our Company and the Selling Shareholders in consultation with the BRLMs. A Bid submitted at Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders are entitled to bid at the Cut-off Price for a Bid Amount not exceeding Rs.100,000. QIBs and Non-Institutional Bidders are not entitled to Bid at

Term	Description
	Cut-off Price
DEIPL	Deutsche Equities India Private Limited
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account(s) to the Issue Account, which in no event shall be earlier than the date on which the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares and the Selling Shareholder shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus filed with SEBI, issued in accordance with Section 60B of the Companies Act, and the SEBI Guidelines which do not contain, <i>inter alia</i> , complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Selling Shareholder, the Registrar, BRLMs and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalised and below which no Bids will be accepted
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
ISEC	ICICI Securities Limited
Issue	Public issue of 10,900,545 Equity Shares of Rs. 10 each for cash at a price of Rs [●] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating Rs. [●] million, comprising of a Fresh Issue of 8,613,356 Equity Shares of the Company and an Offer for Sale of 2,287,189 Equity Shares by the Selling Shareholder
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price will be decided by the Company and the Selling Shareholder in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 327,016 Equity Shares (assuming the QIB Portion is for 60% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non Institutional Portion	The portion of the Issue being up to 1,090,055 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders
Non Residents/NR	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non-Resident Indian
Offer for Sale	The Offer for Sale by the Selling Shareholder of 2,287,189 Equity Shares of Rs. 10 each at the Issue Price
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (b) 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 closure of the Pay-in Date

Term	Description
Price Band	Price band of a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs and the Selling Shareholder finalises 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
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds 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. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being 6,540,327 Equity Shares of Rs. 10 each to be allotted to QIBs
Refund Banker	[●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office as indicated on the cover page
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 1,00,000 in any of the bidding options in the Issue (including HUF applying through their Karta and eligible NRIs)
Retail Portion	The portion of the Issue being up to 3,270,164 Equity Shares of Rs. 10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date
RTGS	Real Time Gross Settlement
Selling Shareholder	OnMobile Systems, Inc.
Stock Exchanges	BSE and/or NSE as the context may refer to
Syndicate Agreement	Agreement to be entered into between the Syndicate, our Company and the Selling Shareholder in relation to the collection of Bids in this Issue
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs
Underwriting Agreement	The Agreement between the members of the Syndicate, our Company and the Selling Shareholder to be entered into on or after the Pricing Date
Venture Capital Funds/VCF	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time

Term	Description
Depository Participant/DP	A depository participant as defined under the Depositories Act
DP ID	Depository Participant's Identity
DTA	Domestic Tariff Area
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal/period divided by the weighted average number of equity shares/potential equity shares during that fiscal/period
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
FIPB	Foreign Investments Promotion Board
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year, except for fiscal 2003 which ended on December 31
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
ITES	Information Technology Enabled Services
IPO	Initial Public Offering
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares outstanding at the end of fiscal
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
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
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the I.T. Act
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Karnataka at Bangalore
RONW	Return on Net Worth
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992

Term	Description
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STPI	Software Technology Park of India
U.S. / U.S.A.	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended

Industry Related Terms

Term	Description
3G	Third Generation Protocol
AOL	AOL Interactive Media India Pvt. Ltd.
ARPU	Average Revenue Per User
Banglalink	Sheba Telecom (Pvt) Limited
Bharti	Bharti Airtel Limited
BSNL	Bharat Sanchar Nigam Limited
BTEL	PT Bakrie Telecom, Tbk
CDMA	Code Division Multiple Access
CIO	Chief Information Officer
CMMI	Capability Maturity Model® Integration
Copyright Act	The Copyright Act, 1957
Disney	Buena Vista Internet Group
DTMF	Dual-tone multi-frequency
ESPN	ESPN Software India Private Limited
GSM	Global System for Mobile Communications
IP	Intellectual Property
IS	Information Systems
ISO	International Organisation for Standardisation
IT Services	Information Technology Services
IVR	Interactive Voice Response
Maxis	Malaysian Mobile Services Sdn Bhd
MMP	Multi-modal Platform
MMS	Multimedia Messaging Service
MSN	Microsoft Network
NASSCOM	National Association of Software and Service Companies
Nokia	Nokia Pte Ltd.
Optus	SingTel Optus Pty Limited
Patents Act	The Patents Act, 1970
PCT	Patent Co-Operation Treaty
Indosat	PT Indosat Tbk
RAID	Redundant Array of Independent Disks
RBT	Ring Back Tone
Reliance	Reliance Communications Limited
R&D	Research and Development
SMS	Short Messaging Service
Star	Star India Pvt. Ltd.
TTSL	Tata Teleservices Limited
USSD	Unstructured Supplementary Service Data
Vodafone Essar	Vodafone Essar Limited
WAP	Wireless Application Protocol

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States or to, or for the account or benefit of “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act; such term does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (“EEA”), from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. None of the Company, the Selling Shareholder and the Underwriters have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America. All references to “euro”, “EUR” and “€” are to Euros, the official currency of the participating member states in the third stage of the Economic and Monetary Union of the treaty establishing the European Community. All references to “Sing\$” and “S\$” are to Singapore Dollar, the official currency of Singapore. All references to AUD are to Australian Dollar, the official currency of Australia.

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 Guidelines, which are included in this Draft Red Herring Prospectus. Our fiscal commences on April 1 and ends on March 31 of the next year. So all references to a particular fiscal are to the twelve-month period ended on March 31 of that year and all references to June 30, 2007 are to the three month period from April 1, 2007 to June 30, 2007.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Although we have presented a summary of significant differences between Indian GAAP, IFRS, and the US GAAP, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge 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.

In this Draft Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and industry data used in this Draft Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable; however, they 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. There are no standard valuation methodologies or accounting policies in the emerging information technology industry in India and methodologies and assumptions may vary widely among different industry sources.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled “Average” in the table below is the average of the daily noon buying rate for each day in the period. Similarly, the rows titled “low” and “high” give the lowest and highest noon buying rates during the period.

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Period End	43.10	44.48	43.62
Average	45.12	44.17	44.86
Low	42.78	43.05	43.27
High	46.83	46.26	46.45

On August 30 2007, the noon buying rate was Rs. 40.63 per U.S. Dollar.

We have recently acquired Vox mobili SA. The consolidated financial statements of Vox mobili have been prepared and presented in accordance with French GAAP in Euros with a convenience translation into Indian Rupees using the Reserve Bank of India exchange rate as of the end of each period presented. Our

financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from French GAAP; accordingly, the degree to which the French GAAP financial statements of Vox mobili included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with French GAAP. Any reliance by persons not familiar with French GAAP on the financial disclosures regarding Vox mobili presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data.

The following table sets forth the number of Rupees for which one Euro could be exchanged at the Reserve Bank of India on the date indicated.

December 29, 2006	December 30, 2005	December 31, 2004
58.26	53.55	59.40

On August 30, 2007, the Reserve Bank of India exchange rate was Rs. 56.07 per Euro.

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”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- The loss of any one of our major customers, a decrease in the volume of work from these customers or a decrease in the price at which we offer our services to them;
- Failure to meet the level of performance on our carrier application services in accordance with our contracts with customers;
- Ability to renew or extend our contracts with our existing customers on terms acceptable to us or at all;
- Ability to adequately and quickly expand capacity and upgrade our systems to meet increased demand;
- Failure to develop and introduce new solutions that achieve market acceptance;
- Carrier network congestion or failures could reduce our sales, increase costs or result in a loss of revenue;
- Consolidation among, or change of ownership of, our carrier customers;
- Acquisition of other companies, businesses or technologies;
- Fluctuations in currency exchange rates;
- Increased competition;
- Our inability to manage our growth;
- Our ability to control costs or retain key employees;
- As we expand outside of our existing markets, we may face added business, political, regulatory, operational, financial and economic risks;
- Revocation or expiry of tax holidays, exemptions and tax deferral schemes;
- Changes in the foreign exchange control regulations in India;
- The performance of the financial markets in India and abroad;
- Changes in laws and regulations;
- Changes in political conditions in India and abroad; and
- Changes in technology.

For further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages xi and 237. Neither our Company nor the Selling Shareholder nor any of the Underwriters nor any of their respective affiliates has any obligation 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, our Company, the Selling Shareholder 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

The risks and uncertainties described below together with the other information contained in this Draft Red Herring Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risks described below are not the only ones relevant to the country, the industry in which our Company operates, our Company or the Equity Shares. Additional risks, not presently known to our Company or that we currently deem immaterial may also impair our Company's business operations. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 87 and 237, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be seriously harmed, the trading price of our Equity Shares could decline, and prospective investors may lose all or part of their investment.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Draft Red Herring Prospectus (including the consolidated financial statements on page 143).

This Draft Red Herring Prospectus also contains forward-looking statements that involve risk 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 x.

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

Risks Relating to Our Business

- 1. Our limited operating history may make it difficult for prospective investors to evaluate our business.***

We were incorporated in September 2000 and launched our first product in 2001. As a result, there is limited historical financial and operating information available to help prospective investors evaluate our past performance or to make a decision about an investment in our Equity Shares. In addition, because of our limited operating history, our historical financial results may not accurately predict our future performance, particularly as there is usually a lag period between the launch of a new product and revenue realisation. Because of our narrow business focus on the telecommunications industry, our financial results are more sensitive to changes and downturns within our industry than companies with more diversified lines of business. For example, as a result of industry factors or factors specific to us, we may have to alter our anticipated methods of conducting our business, such as the nature, amount and types of risks we assume. The telecommunications value added services market is nascent and is rapidly evolving. As a result, any evaluation of our business and our prospects must be considered in light of our industry, our limited operating history and the risks and uncertainties often encountered by companies at our stage of development.

- 2. We offer white label applications and services to our customers who then market our applications and services to their end-user subscribers, but none of our customer contracts obligate our customers to market or promote our services to their end-user subscribers.***

Most of our customer contracts are on a revenue sharing basis and most of our contracts provide that we earn and receive revenue only if our customers' end-user subscribers use or subscribe to the services offered by them. As a result, our revenue is subject to uncertainties that are beyond our control, such as market acceptance of our application services by our customers' end-user subscribers and the subscriber

churn rate and are dependent upon the pricing of the services, product placement and marketing and promotion activities conducted by our customers either jointly with us or solely. Moreover, as we offer white label applications and services to our customers, none of our contracts obligate our customers to market or distribute any of our applications or services to their end-user subscribers. Without the appropriate marketing, promotion and pricing of the subscriber services by our customers, the subscribers may not be aware of, or may cease to use, or decrease usage of, our applications and services. For example, the current practice among our customers generally is to place the most popular wireless applications at the top of the menu on the first page available on their mobile phone portals or in the most prominent positions on their websites. Services at the top of the menu and in more prominent positions are more accessible to subscribers and, in our experience, are more frequently accessed than those services in less prominent positions. Generally in the past, we have enjoyed good positioning on our customers' menus and websites due to our continued focus on the development of innovative products, a creative user interface and a good understanding of consumer needs. However, if our customers change their current practices so that our applications are displayed less prominently or are less accessible to the end-user subscribers, our services could become more difficult for users to access and could, therefore, become less popular. This could materially and adversely affect the revenue from our application services, and thus our overall financial condition.

In addition, as most of our customer contracts are non-exclusive, our customers may purchase similar application services from third parties and cease to use our applications and services in the future. Even if our customers retained our services, our customer contracts do not prevent our customers from significantly reducing the level of marketing or promotion of our applications or from electing to market or promote similar applications purchased from and provided by our competitors. Any of the foregoing may result in the loss of future revenue from our carrier application services.

3. ***A few major carrier customers account for a significant portion of our revenue. The loss of any one of our major customers, a decrease in the volume of work from these customers or a decrease in the price at which we offer our services to them may adversely impact our revenue and profitability.***

We have derived and believe that we will continue to derive in the near term a significant portion of our revenue from a few major carrier customers, as these carrier customers continue to dominate the market share of the Indian telecommunications industry. For fiscal 2007, 2006 and 2005, our five largest customers accounted for approximately 81%, 95% and 100% of our net revenue, respectively. Although our dependence on our top five customers has reduced in the last three years, we continue to depend on them for a significant portion of our revenue in the future. The revenue from these customers may vary from year to year, particularly since we are not the exclusive service providers for our customers. Any loss of our major carrier customers or any significant decreases in spending by some or all of the end-user subscribers of our top five customers on our services may reduce the demand for our services and may adversely affect our revenue, profitability and results of operations. In addition, our revenue may be affected by competition and decreasing rates in the telecommunications industry and a number of factors, other than our performance, that could cause the loss of a customer and that may not be predictable such as financial difficulties, bankruptcy or insolvency affecting our customers. Any of the foregoing events or any delay or default in payment by our customers for services rendered may adversely impact our business, financial condition and results of operations.

4. ***Increasingly, a majority of the new subscribers of our carrier customers are from non-metro areas and they tend to have lower levels of average revenue per user.***

Our carrier customers' average revenue per user is influenced by the demographic make-up of their subscriber base. With the expanding penetration of wireless telecommunications in India, increasingly, a majority of the new subscribers of our carrier customers are from non-metro areas. These subscribers generally spend less on telecommunications solutions and applications than subscribers from metro areas, which results in lower average revenues for our carrier customers. As most of our contracts with our carrier customers are on a revenue sharing basis, this may in turn have a material adverse affect on our results of operations.

5. *A substantial portion of our revenue is subject to the end-user pricing decisions of our customers and reconciliation of billing information between our records and those of our customers.*

We earn a substantial portion of our revenue through revenue sharing agreements with our customers. Under such revenue sharing agreements, we earn as revenue a percentage of the retail price that our customers charge to their end-user subscribers for the use of our applications or content. We earned in excess of 90% of our net revenue from such revenue sharing agreements in fiscal 2007 and 2006. As we offer white label applications and services to our customers, we have no control over their pricing decisions and most of our customer contracts do not provide for guaranteed minimum revenue payments even though some of the contracts have a minimum price clause. As a result, our revenue derived from our revenue sharing agreements may be substantially reduced depending on the pricing decisions and pressures of our customers, which may materially and adversely affect our results of operations.

Further, according to the revenue sharing agreements with our customers, the calculation of net revenue from the usage of our services by their respective subscribers is based on records maintained by our customers or on records maintained by us that must be reconciled with those prepared by our customers. The billing methodologies and management information system of our customers are critical in preparation of accurate usage reports. Our revenue realisations with respect to such variations may become subject to dispute resolution and may adversely affect our business, financial condition and results of operations.

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

We have experienced significant growth in revenue in recent years. Our net revenue has grown at a compound annual growth rate of 97.5% from Rs. 172.6 million in fiscal 2004 to Rs. 1,329.7 million in fiscal 2007. The total number of permanent and contracted employees has grown from less than 100 as of March 31, 2004 to 754 as of September 7, 2007. While these growth rates are not indicative of our future growth, we expect this growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation.

In particular, continued expansion increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- adhering to our high quality and process execution standards;
- maintaining high levels of client satisfaction;
- preserving our culture, values and entrepreneurial environment; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage growth may have an adverse effect on our business, financial condition and results of operations and could result in decline of the price of our Equity Shares.

7. *Failure to meet the level of performance on our carrier application services in accordance with our contracts with customers could result in a loss of our revenue or adversely affect the customer relationships or the business of our customers, all of which could be detrimental to our business and reputation generally.*

Carrier application services such as ours are complex and utilise sophisticated software systems which may result in operational errors or performance problems. In connection with the provision of our carrier application services, we enter into contracts with some of our customers which contain provisions requiring us to maintain the services at or above certain minimum performance standards. Under these contracts, if we fail to meet the specified standards, we may be subject to liquidated damages or penalties, and in certain cases, termination of the carrier customer contracts by our carrier customers. In addition, any defects in our intellectual property which we licence to our customers could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Although we attempt to

limit our contractual liability for all damages, including consequential damages, in rendering our services, we cannot assure prospective investors that in case any claims for damages are made by our customers, the limitations on liability we provide for in our service contracts will be enforceable, or that they will otherwise be sufficient to protect us from liability for damages.

Further, any failure of, or technical problems with, our servers, systems or platforms could disrupt the ability of the subscribers of our carrier customers to use our applications. In the past, we have experienced a handful of failures with our servers, systems and/or platforms, which were generally related to heavy surges in volume associated with holiday entertainment purchase activities or activities relating to promotions being made by our customers. If failures occur on our customer's multiple networks or software systems, it may be difficult for us to identify the source of the problem and to correct it on a timely basis, in particular as our customers generally use our services together with their own services and services from other vendors. In addition, our systems or platforms are, in most cases, integrated into the voice and data networks of our customers for which we operate and manage applications. Failure of our systems or platforms could disrupt the delivery of voice and data service by our customers. Any of the foregoing problems could result in a loss of our revenue or adversely affect the customer relationships and business of our customers, all of which could be detrimental to our business and reputation generally.

8. *The terms of our customer contracts are subject to renewal. If we are unable to renew or extend our contracts with our existing customers on terms acceptable to us or at all, our future financial condition and results of operations may be materially affected.*

Our major customers may have significant bargaining power over us. While we have developed strong and value-based business relationships with these customers, most of our customer contracts are on a non-exclusive basis and have limited terms varying from two to five years. As these contracts reach the end of their stated terms, our customers can seek to renegotiate pricing or other terms with us or not renew the contracts, although some of our contracts with customers in the telecommunications sector have auto-renewal clauses. In addition, all of our contracts allow our customers to terminate the contract without cause after a requisite notice period, typically ranging from 30 to 90 days and without termination-related penalties. There is no assurance that we will be able to maintain our existing business relationships with our customers. If we are unable to renew or extend our contracts with existing customers or if our customers seek to renegotiate the contracts on terms unfavourable to us as they expire, it may be difficult to find a suitable replacement carrier customer with the requisite licences and permits, infrastructure and customer base. This may have a material adverse affect on our growth, financial condition and results of operation.

9. *Failure to develop and introduce new solutions that achieve market acceptance could result in a loss of market opportunities.*

Our business depends on providing innovative solutions that are attractive to subscribers which are subject to unpredictable and volatile factors beyond our control, including subscriber preferences and competing solutions. In addition, due to the competitive nature of the wireless telecommunications market in which we operate, and because time-to-market and service features are key differentiators of mobile value added services offerings between carriers, solutions and applications in our industry have short lifespans. We need to continuously invest in research and development to develop new and differentiated products and services for each of our customers. This affects our ability to fully monetise the revenue potential of our new products and technology. Further, some or all of such products may not provide adequate returns commensurate with our investments. Our solutions could also be rapidly rendered obsolete by the introduction of newer technologies based on more advanced mobile networks using broader bandwidths. Unexpected technical, operational, deployment, distribution or other problems could delay or prevent the timely introduction of new solutions, which could result in a loss of market opportunities. Our growth could also suffer if our solutions are not responsive to the needs of wireless carriers, the technological advancements of mobile networks or the preferences of the subscribers.

10. *Our carrier customers could develop some or all of our carrier application services on their own or otherwise bring them in-house, which could result in the loss of future revenue.*

We derived over 90% of our net revenue from our carrier application services in fiscal 2006 and 2007. While, to date, most of our carrier customers do not offer such application services on their own, if our carrier customers begin developing these application services or otherwise bring them in-house, we could be pressured to lower our prices or increase the amount of services we provide in order to maintain our business with existing carrier customers. This could result in the loss of future revenue from our carrier application services or increase our costs of providing such services and may have a material adverse effect on our future business, financial condition and results of operations.

11. *We currently depend on music related services, including our ringback tones, ringtones downloads and music messaging applications, for a significant portion of our revenue.*

We earned more than 40% of our net revenue from our music related services, in particular our ringback tones application, in fiscal 2006 and 2007. We expect to continue to derive a significant portion of our revenue from these application services in the next few years. There could be a decline in the demand for our services due to various factors, including increase in competition or technological advancements rendering our technology obsolete. A decrease in the popularity of our music related services among mobile phone users, or a failure by us to maintain, improve, update or enhance such services in a timely manner, enter into new markets, or successfully diversify our products and services could materially and adversely affect our business, financial condition and results of operations.

12. *Usage of our applications and services may be difficult to predict and we may not be able to adequately and quickly expand capacity and upgrade our systems to meet increased demand.*

It is difficult to predict subscriber adoption of new applications or other services, particularly in new markets. As a result, while we may launch a new product with a planned or expected capacity, such capacity may not be sufficient to meet demand if it exceeds our expectations. In such situations, we may not be able to expand and upgrade our systems and application platforms quickly enough to accommodate increased usage of our services. If we do not appropriately expand and upgrade our systems and application platforms, we may lose market opportunities or damage our reputation with our carrier customers, which may materially and adversely affect our business, financial condition and results of operations.

13. *Our billing and management information systems are critical to our ability to bill our customers and realise revenue from our operations.*

Sophisticated billing and customer management information systems are critical to protect our ability to increase revenue streams, avoid revenue loss and bill our customers accurately and in a timely manner. We expect new technologies and applications to create increasing demands on our billing and customer management systems. Problems such as reconciliation of payments, revenue recognition and delayed payments will occur in the complexities involved in the process of billing end-user subscribers and tracking payments by these end-user subscribers to our carrier customers. We need to expand and adapt our billing and credit control systems as we introduce new services and as our business expands. The development of new businesses may impose a greater burden on our systems and may strain our administrative, operational and financial resources. If adequate billing, credit control and customer relations systems are unavailable or if upgrades or new systems are delayed or not introduced or integrated in a timely manner, this could materially adversely affect our business and results of operations.

14. *We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders.*

The application of the “passive foreign investment company,” or PFIC, rules to the Company in its current taxable year ending on March 31, 2008 is uncertain. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) under the PFIC income test, at least 75% of its gross income is passive income or (2) under the PFIC asset test, at least 50% of its assets (determined on the basis of a quarterly average) are assets that produce or are held for the production of passive income for such taxable year. However, the application of the PFIC asset test to a corporation that is a “controlled foreign corporation,” or CFC (as defined under U.S. federal income tax law), for its taxable year in which it becomes a publicly traded

corporation after its first quarter is not clear. Because we currently are a CFC, the application of the PFIC asset test to us in our current taxable year is uncertain.

Under the least favorable interpretation of the PFIC asset test, it is possible that we will be a PFIC in respect of our current taxable year, although we do not expect to be a PFIC for our current taxable year if we make a certain election for U.S. federal income tax purposes in connection with our acquisition of Vox mobili. Under more favorable interpretations of the PFIC asset test, we believe that we would not be a PFIC for our current taxable year. It may be reasonable for U.S. Holders (as defined under “Taxation—U.S. Federal Income Taxation”) to apply a more favorable interpretation of this test for purposes of determining and reporting the U.S. federal income tax consequences of their investment in the Equity Shares, although such holders should consult their tax advisors regarding the reasonableness of such position. U.S. Holders also should note that the U.S. Internal Revenue Service, or IRS, could seek to apply the least favorable interpretation.

If we are treated as a PFIC for any taxable year during which a U.S. Holder owns an Equity Share, adverse U.S. federal income tax consequences could apply to that holder. We will determine our PFIC status for our current taxable year promptly after the end of our current taxable year and, if we determine that we are (or are likely to be) a PFIC, we will use reasonable efforts to provide you information that will enable you to make a certain election that may mitigate any adverse U.S. federal income tax consequences to you of our being a PFIC. See “Taxation — U.S. Federal Income Taxation — Passive Foreign Investment Company” at page 80.

15. *Consolidation among, or change of ownership of, our carrier customers may result in the loss of carrier customers or reduce our potential customer base, which would negatively impact our financial performance.*

Consolidation among carriers may reduce our potential customer base or may negatively impact our ability to expand our customer base or may result in the loss of our current carrier customers. In addition, as fewer carrier customers gain control of the subscriber market, pricing pressure is likely to increase and consequently, a change of ownership of our carrier customers could also result in the loss of our current customers if the new owners select another application service provider to provide the telecommunication solutions. All of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

16. *Delay or defaults in payments by our carrier customers may adversely affect our revenue realisation.*

We derive a significant portion of our revenue from our contracts with carrier customers which provide for payments for our services on a revenue sharing basis. Typically, delays in payment by our customers will arise primarily due to delays in reconciling our billing and usage records with the records prepared by our customers. Our revenue is concentrated in five customers and any delay or default in payment by them, decrease in usage of the services provided by us or loss of end-user subscribers may have a material adverse effect on our revenue, business, financial condition and results of operations.

17. *We currently source and aggregate content from content providers such as music label companies, royalties agencies, sports licencing authorities and other content licensors and licence copyrighted content or works pursuant to licencing agreements with them. If we are unable to secure a licence on terms favourable to us, we may be prevented from providing these services or will incur significant costs to seek alternative content, each of which would result in loss of revenue or business opportunities or reduced margins.*

We have entered into licencing agreements with several content providers to licence copyrighted content or works for use as part of the services we provide to our customers and their subscribers. Most of the licencing agreements we have entered into have, among others, confidentiality obligations. Some of these agreements also restrict us from entering into similar agreements with other third parties during the term of such agreements. Any failure on our part to comply with such obligations could cause us to be in breach of our contract and could result in a claim against us for substantial damages or even termination of the contracts by the content provider. Further, these licencing agreements are mostly for a term of one year. If we are unable to renew these licences on terms favourable to us, or at all, upon their expiration we may be prevented from providing content sourced from these content providers and will have to source alternative

content which may result in loss of revenue or business opportunities or reduced margins that would materially harm our business, financial condition and results of operations.

18. *Third parties may successfully sue us for intellectual property infringement which could disrupt our business or require us to pay significant damage awards which we may not succeed in recovering from our content providers.*

Third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property rights, either of which, if successful, could disrupt the conduct of our business or cause us to pay significant damage awards which we may not succeed in recovering from our content providers. In addition, in the event of a successful claim against us, we may be subject to injunctions preventing us from using our intellectual property, incur significant licencing fees and/or be forced to develop alternative technologies. Our failure or inability to develop non-infringing technology or applications or to licence the infringed or similar intellectual property rights, technology or applications on a timely basis could force us to withdraw services from the market or prevent us from introducing new services on a timely basis, or at all. In addition, even if we are able to licence the infringed or similar intellectual property rights, technology or applications, licence fees could be substantial and the terms of such licences could be burdensome. Any of the foregoing may result in increased costs and loss of revenue which may have a material adverse effect on our business, financial condition and results of operations.

We may also incur substantial expenses in defending against third-party infringement claims, regardless of their merit. Such claims may arise frequently, especially with respect to our music-on-demand, music service platform and music licence bank businesses, given the evolving nature of and resulting uncertainty in laws and regulations governing the use and distribution of music and other content in digital format. We have a professional liability technology insurance policy which covers claims arising out of intellectual property infringements. However, we cannot assure prospective investors that the same would be adequate to cover one or more large claims. For more information, see “Our Business – Insurance” on page 99. In the event that we are unsuccessful in defending against infringement claims, our business may be disrupted and we may incur substantial legal costs and infringement liability damages, which in turn could result in a loss of revenue and could have a material adverse effect on our business, financial condition and results of operations.

19. *If we do not adequately protect our intellectual property rights, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources.*

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure, such as confidentiality provisions and non-disclosure agreements, to protect our intellectual property rights. As of September 7, 2007, we have two registered trademarks. Our trademark and logo “OnMobile” is registered with the Trademarks Registry in Mumbai, India. In addition, our trademark “OnMobile – True Mobility” is registered with the United States Patent and Trademark Office. We have currently applied to register four other trademarks with the Trademarks Registry in India. We have also filed 11 patent applications with the Indian Patents Office. For more information, see “Our Business – Intellectual Property” on page 98. Despite our efforts to protect our intellectual property rights, unauthorised parties may attempt to copy or otherwise obtain and use our technology and applications and the applicable laws may not adequately protect our proprietary rights. Monitoring unauthorised use of our applications is difficult and costly, and we cannot be certain that the steps we have taken will prevent piracy and other unauthorised distribution and use of our technology and applications. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources.

Historically, we have relied on trade secrets, know-how and other proprietary information as well as requiring our principal employees, subcontractors, vendors and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and we may not have adequate remedies for any breach. Third parties may otherwise gain access to our proprietary information or may independently develop substantially equivalent proprietary information.

20. *Security vulnerabilities, illegal downloads, side loading, or transfers of audio and video files directly onto handsets may harm our music-on-demand business and the revenue we earn from it.*

Our music solutions business depends on our ability to receive paid subscription fees from downloads or streaming of music content, including full-track music titles. However, computer and internet technologies that enable or facilitate illegal downloads or transfers of music files, such as MP3 files, to personal computers and mobile handsets pose a significant threat to wireless carriers, service providers and content providers alike. While industry efforts are being made to restrict such functions through development of terminals, encoding technologies and customer interface, no assurance can be given that illegal downloads or transfers will be eliminated. There are individuals and groups who develop and deploy software programmes that compromise security and encoding technology. For example, hackers may find or develop and widely circulate software that enables unauthorised decoding of digital rights management technology to download music or other content directly onto mobile phones without using our music-on-demand or other content delivery applications. Prevalence of security vulnerabilities, illegal downloads or transfers of music files or lack of market acceptance of paid subscription for music content could adversely affect our music solutions business and the revenue we earn from it.

21. *If we are unable to successfully protect our information technology infrastructure from security risk, our business may suffer.*

Our servers, like those of all businesses, are vulnerable to computer viruses, break-ins, software theft or destruction and similar disruptions from unauthorised tampering with our computer systems. We have data back-up systems for all of our operations and checks and systems for ensuring network security against virus or other malignant attacks. Nevertheless, any disruptions could have an adverse affect on our business and results of operations.

22. *Our senior management team and other key team members are critical to our continued success and the loss of such personnel or an inability to attract and retain talented personnel could harm our business.*

We are dependent on the continued service and performance of our senior management team and other key team members to continue our growth. Our growth strategy will place significant demands on our management and other resources because it requires us to continue to improve operational, financial and other internal controls, both in India and overseas. These key personnel possess technical and business capabilities that are difficult to replace. We do not maintain key man life insurance for any of our senior management or other key team members. The loss in the services of the members of our senior management or other key team members, particularly to competitors, or our failure to otherwise retain the necessary management and other resources to maintain and grow our business, may have a material adverse effect on our results of operations, financial condition and prospects.

Our future success and our ability to maintain our competitive position and implement our business strategy are dependent to a large degree on our ability to identify, attract, train and retain technical service operation and application development engineers and personnel with skills that enable us to keep pace with growing demands and evolving industry standards and on the continued service and performance of our senior management team and other key team members in our business units.

Qualified individuals are in high demand and competition for qualified engineers and personnel in our industry is intense, and we may incur significant costs to retain or attract them. The average experience of our senior management and other key team members as of March 31, 2007 is 15 years. We may not be able to retain our existing engineers or personnel or attract and retain new engineers and personnel in the future. Many well-qualified candidates may be subject to contractual non-compete clauses which may restrict our ability to employ them.

23. *The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other harmful consequences.*

As part of our growth strategy, we intend to pursue acquisitions to expand our business. There can be no assurance that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities at acceptable cost and on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any

business acquired or investment made will be profitable. In December 2006, we acquired ITfinity and we recently acquired Vox mobili SA. Both acquisitions may result in integration issues and employee retention problems. We may not be able to realise the benefits we currently anticipate from these acquisitions.

If we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need prior approval from the Reserve Bank of India (“RBI”) which we may not obtain. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, diversion of management’s attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments. Foreign acquisitions involve risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, results of operations or financial condition. In addition, the anticipated benefits of our future acquisitions may not materialise. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortisation expenses, or write-offs of goodwill, any of which could harm our financial condition and may have an adverse impact on the price of our Equity Shares.

24. *The markets in which we operate are highly competitive and some of our competitors have greater resources than we do.*

The markets in which we operate are highly competitive. Global competition is expected to intensify in the telecommunications value added services. Steps have been taken by the Government of India to make India a global information technology “superpower” and a front-runner in the age of the “Information Revolution.” Such steps will likely make the telecommunications infrastructure services industry in India more competitive. We expect competition to intensify further, as new entrants emerge in the industry due to the opportunities available and as existing competitors seek to expand their services. Consolidation among our competitors may also leave us at a competitive disadvantage. In addition, as we expand into international markets, we will increasingly compete with both local and global providers of telecommunications value added services.

Competitors in the future may include other content aggregators and wireless software companies from India and overseas. Some or all of our competitors may have advantages over us, which include substantially greater financial resources, stronger brand recognition, the capacity to leverage their marketing expenditures across a broader portfolio of wireless and non-wireless products and more extensive relationships with customers, content owners and broader geographic presence.

Increased competition may result in pricing pressure and force us to lower the selling price of our services or cause a loss of business. In addition, our competitors may offer new or different services in the future which are more popular than our current services. If we are not as successful as our competitors in our target markets, our sales could decline, our margins could be negatively impacted and we could lose market share, any of which could materially harm our business.

25. *Carrier network congestion or failures could reduce our sales, increase costs or result in a loss of revenue.*

We rely on our carrier customers’ networks to deliver our applications to their end-user subscribers. Congestion on, failures of, or technical problems with, our carrier customers’ delivery systems or communications networks could result in the inability of the subscribers to use our applications. If any of these systems fail, including as a result of an interruption in the supply of power, an earthquake, fire, flood or other natural disaster, or an act of war or terrorism, our carrier customers’ subscribers may be unable to access our applications. Any failure of, or technical problem with, our carrier customers’ networks could result in a loss of revenue and have a material adverse effect on our business, financial condition and results of operations.

26. *As we expand outside of our existing markets, we may face added business, political, regulatory, operational, financial and economic risks, any of which could increase our costs and hinder our growth.*

An important element of our business strategy is the expansion of our international sales globally by targeting markets in which we do not currently provide our services. However, we have limited experience in global expansion, and thus we face considerable challenges in executing our strategy. These risks include:

- difficulties in obtaining market acceptance of our services in other global markets;
- our lack of local presence and familiarity with business practices and conventions in certain markets;
- difficulties and additional time and expenses in customising and localising our applications and systems for new markets;
- shortages of personnel with both local language skill and experience with our services and applications;
- legal uncertainties or unanticipated changes in regulatory requirements, liability, export and import restrictions, tariffs and other trade barriers; and
- uncertainties of laws and enforcement relating to the protection of intellectual property.

In addition, we are subject to risks generally applicable to international operations such as:

- differences in network and system requirements that may require additional time and resources to ensure compatibility between our applications and services and the carrier networks;
- burdens or cost of complying with a wide variety of foreign laws and regulations, including unexpected changes in regulatory requirements;
- foreign exchange controls that might prevent us from repatriating income earned in countries outside India; and
- longer payment cycles and greater difficulty collecting accounts receivable in developing countries.

Any of the foregoing risks could prevent us from introducing services globally on a timely basis or at all and may harm our international expansion efforts and materially and adversely affect our business, operating results and financial condition. In addition, as we expand globally, this will increase our costs of operations which may have a material adverse effect on our operational margins.

27. *We face risks associated with currency exchange rate fluctuations.*

We have adopted the Indian Rupee as our reporting currency but we currently transact our business primarily in Indian Rupees and, to a lesser extent, in Singapore dollars, U.S. dollars, Euros and Australian dollars. In fiscal 2007 and 2006, we derived approximately 2.1% and 0.2% of our revenue from our overseas business, respectively. To the extent these currencies depreciate against the Indian Rupee, the revenue that we report in Indian Rupees will be negatively affected. Conversely, an appreciation of these currencies against the Indian Rupee would increase our revenue reported in the Indian Rupee.

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 revenue, cost of sales and services and operating margins and result in foreign currency translation gains and losses. While we have not engaged in exchange rate hedging activities in the past due to the size of our operations, we may implement hedging strategies to mitigate these risks in the future. However, these hedging strategies may not eliminate our exposure to foreign exchange rate fluctuations and involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategy and potential accounting implications.

28. *Breach of our contracts with our vendors, third party suppliers or content providers may adversely affect our business, financial condition and results of operations.*

We depend upon vendors and third party suppliers to provide us with the hardware and software required for installation and use of our services by our customers. Further, we depend upon our content providers to supply content for deployment by our customers. We may be liable to our vendors, third party suppliers or content providers if we breach our contracts with them. In particular, most of our content provider agreements contain confidentiality obligations. Any failure on our part to comply with such obligations could cause us to be in breach of our contract and could result in a claim against us for substantial damages or even termination of the contract by the content provider. The successful assertion of any claim by a third party would have a material adverse effect on our business, financial condition and results of operations. Although we maintain general liability insurance coverage, we cannot assure prospective investors that the terms of our insurance policies would be adequate to cover one or more large claims raised against us in this regard.

29. *Our insurance coverage may prove inadequate to satisfy future claims against us.*

We maintain insurance which we believe is commercially appropriate. Nevertheless, we may become subject to liabilities against which we are not adequately insured or insured at all or for which we cannot obtain insurance. Our insurance policies contain exclusions and limitations on coverage and we do not have business interruption insurance. In addition, our insurance policies may not continue to be available on reasonable terms, at economically acceptable premiums, or at all. As a result, our insurance coverage may not fully cover the claims against us. Our insurers may not accept all claims made by us. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline. For more information, see “Business – Insurance” on page 99.

30. *If the tax holidays, exemptions and tax deferral schemes which we currently benefit from are revoked or expire without renewal or if the Government of India reduces or withdraws tax benefits and other incentives it currently provides to companies within our industry or if the same are not available for any other reason, we may become liable for additional taxes which may have a material adverse affect on our financial condition and results of operations.*

Currently, we benefit from one tax incentive under the Software Technology Park of India Scheme (the “STPI Scheme”), which allows us to pay a concessional or nil rate of duty on the plant and equipment which we import, subject to conditions, including an obligation to export software up to a certain value. This tax incentive will expire in 2010 or may be revoked prior to 2010 if we do not meet our export obligations. As of March 31, 2007, we had an export obligation of Rs. 139 million which must be fulfilled by March 31, 2008. In addition, as we are registered as a software technology park (“STP”) unit under the STPI Scheme, we are required to maintain positive net foreign exchange earnings. Failure to comply with this requirement may cause us to lose our tax benefits under the STPI Scheme. We may also become liable for penal action under Foreign Trade (Development and Regulations) Act, 1992. We have historically maintained positive net foreign exchange earnings; however, we cannot assure prospective investors that we will continue to maintain positive net foreign exchange earnings. While we fully expect to comply with these obligations, there can be no assurance that we will be able to meet our obligations on time. Any inability to fulfil these export obligations in a timely manner or to maintain positive net foreign exchange earnings may result in the revocation of the tax incentive or may require us to pay significant import duties and other penalties which may have a material adverse affect on our financial condition and results of operations. Other than the tax incentive under the STPI Scheme, we do not benefit from any significant tax holidays, exemptions and tax deferral schemes.

Any tax incentives will result in a decrease in our effective tax rate compared to the tax rate that would have applied if these incentives had not been available. However, there can be no assurance that our existing tax exemption from import duty under the STPI Scheme will not be revoked or will be renewed when it expires, that any applications we make for new tax holidays or exemptions will be successful or that the Government of India will not enact laws in the future that would adversely affect our tax incentives. The expiry or loss of existing tax incentives and exemptions or the failure to obtain new tax holidays, exemptions or tax deferral schemes will likely increase our tax obligations and any increase could have a material adverse effect on our financial condition or results of operations.

U.S. and Indian transfer pricing regulations require that any international transaction involving associated enterprises be at an arm's-length price. We consider the transactions among our subsidiaries and us to be on arm's-length pricing terms. If, however, the applicable income tax authorities review any of our tax returns and determine that the transfer prices we have applied are not appropriate, we may incur increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows.

31. *We provide applications and services to our carrier customers who operate in a regulated industry and the licences and the regulatory environment in which they operate are subject to change, which may indirectly adversely affect our operations.*

We provide applications and services to our carrier customers and are dependent on them to market or distribute our applications or services to their end-user subscribers. Our carrier customers operate in the telecommunications industry which is subject to extensive government regulation and licencing requirements. The extensive regulatory structure under which they operate could constrain their flexibility to respond to market conditions, competition or changes in cost structure. In addition, our carrier customers are required to obtain a wide variety of approvals and licences from various regulatory bodies. There can be no assurance that such approvals will be granted on a timely basis or at all. The Government of India may also revise regulations or policies related to carriers or operators in the telecommunications industry on terms which may not be favourable to our carrier customers or which may result in uncertainties with respect to their implementation. In addition, the licences which our carrier customers require to operate in the telecommunications industry reserve broad discretion to the Government of India to influence the conduct of their businesses by giving the Government of India the right to modify at any time the terms and conditions of such licences, take over our carrier customers' networks and terminate, modify, revoke or suspend the licences in the event of default by our carrier customers in complying with the terms and conditions of the licences. Any unfavourable change in the regulatory environment may adversely affect the business, financial condition and prospects of our carrier customers and this may in turn have a material adverse effect on our business and results of operations. See “ – External Risk Factors – Risks Relating to Our Industry – Our carrier customers are subject to extensive government regulation of the telecommunications industry in India” on page xxv for more information.

32. *The proprietary information or data of our carrier customers may be misappropriated by our employees and as a result, cause us to breach our contractual obligations in relation to such confidential information.*

We require our employees to enter into confidentiality and non-disclosure agreements to limit access to and distribution of the confidential information of our carrier customers' subscribers such as their name and address lists. There can be no assurance that the steps taken by us will adequately prevent the disclosure of confidential information by an employee or a subcontractor or a subcontractor's employee and we do not have internal controls and processes to ensure that our employees comply with their obligations under such confidentiality and non-disclosure agreements. If the confidential information is disclosed by us or is misappropriated by our employees or subcontractors, our customers may raise claims against us for breach of our contractual obligations. The successful assertion of any claim may have a material adverse affect on our business, financial condition and results of operations.

33. *We will be controlled by our Promoters and Promoter Group so long as they control a majority of our Equity Shares.*

After the completion of the Issue, our Promoters and Promoter Group will control, directly or indirectly, approximately 61% of our outstanding Equity Shares. In the event of a Secondary Sale, our Promoters and Promoter Group will control, directly or indirectly, approximately 59.65% of our outstanding Equity Shares. As a result, our Promoters and Promoter Group will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in us may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interests of our Promoters and Promoter Group as our controlling shareholders could also conflict with our interest or the interests of our other shareholders. We cannot assure prospective investors that our Promoters and Promoter Group will act to resolve any conflicts of interest in our favour.

34. Our Promoter Group Entities have incurred losses in the past.

Our Promoter Group Entities have incurred losses in the past:

(in Rs. millions)

Name of the Company	Profit/(Loss) after Tax		
	March 31, 2007	March 31, 2006	March 31, 2005
RiffMobile Private Limited	(0.392)	(0.170)	-
Mobile Traffik Private Limited	(0.010)	(0.009)	(0.010)

For more information, see “Our Promoters – Promoter Group” on page 137.

35. We have entered into, and will continue to enter into, related party transactions.

We have entered into transactions with several related parties, including our Promoters and Directors. For more information regarding our related party transactions, see “Related Party Transactions” on page 140 and Note 10 of our consolidated restated financial statements on page 160.

36. We are involved in certain litigation matters and any final judgments against us could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are involved in two civil litigation matters relating to alleged violations of the Monopolies and Restrictive Trade Practices Act, 1969 and alleged infringement of intellectual property rights. Further, a consumer case is pending against us before the District Consumer Forum, Karimnagar, Andhra Pradesh and an order has been issued against us by the Additional Commissioner of Customs levying a fine of Rs. 500,000 and a penalty of Rs.150,000 under the Customs Act, 1962. A final judgment against us or our Directors in one or more of these disputes may result in damages being awarded that we must pay or injunctions against us, or criminal proceedings being instituted against us or our Directors, which may require us to cease or limit certain of our operations and have a material adverse effect on our business, results of operations, financial condition and prospects. For a detailed discussion of the material litigation matters pending against us, see “Outstanding Litigation and Material Developments” on page 254.

37. We do not own our registered office and other premises from which we operate.

We do not own the premises on which our registered office in Bangalore and other offices in Bangalore, Delhi and Mumbai are located. We operate from rented and leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavourable to us, we 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. For more information, see “Our Business – Properties” on page 100.

In addition, we may in the future purchase properties for our offices. There can be no assurance that any information relating to our decision to purchase such properties will be accurate, complete or current. Any decision based on inaccurate, incomplete or current information may result in risks and liabilities associated with acquiring and owning such properties, being passed onto us. This may adversely affect our business, financial condition and results of operations. We may also require financing to fund our capital expenditures on these properties which may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions, require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes, either through the imposition of restrictive financial or operational covenants or otherwise.

38. We may find ourselves in breach of the terms of our arrangements with one or more carrier customers or be subject to fines and financial penalties because of our failure to help ensure that content is not obscene, defamatory, racist, or otherwise offensive or unlawful in nature.

We take steps to ensure that the content we deploy adheres to the standards and terms of our customer contracts. However, there can be no assurance that such content will not contain obscene, defamatory, racist, or otherwise offensive or unlawful material. If offensive or unlawful material is detected, we are able to take action to prevent the delivery of such material and fine or impose financial penalties on third-party

content or service providers responsible for the attempted conveyance of such material. Such fines or financial penalties can be taken from revenue held by us that has not yet been delivered to a third party content or service provider. However, any failure on our part to detect and prevent the conveyance of such material could result in a breach of an arrangement with a carrier customer, which could cause such carrier customer to terminate its arrangement with us. In addition, fines and financial penalties may be imposed on us for such breach and we may not be successful in recovering such fines or financial penalties from our content or service providers. Any of the foregoing may in turn have a material adverse impact on our growth, business, financial condition or results of operations.

39. *Our contingent liabilities could adversely affect our financial condition.*

As of March 31, 2007, we had a contingent liability of Rs. 11.8 million towards our export obligations of Rs. 139 million under the STPI Scheme, as disclosed in our restated consolidated financial statements. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

40. *Our 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” beginning on page 63. The proposed activities for which the proceeds are being raised have not been appraised by any bank or financial institution and the proceeds requirements are based primarily on management estimates. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

41. *There are no standard valuation methodologies or accounting practices in the emerging telecommunications and related industries in India. Our financial statements are not comparable with those of other companies in the industry.*

We are in the business of providing telecommunications value added products and services. There are no comparable listed companies in India. Hence, comparison with industry peers is not possible. Comparison with other companies may be difficult and may not provide investors with opportunities to make the sorts of comparative analyses they may make when investing in other companies.

42. *Valuations in related sectors such as the telecommunications, software or information technology industries may not be sustained in future and current valuations may not be reflective of future valuations for such industries.*

There is no standard valuation methodology for companies in businesses similar to ours. The valuations in related sectors such as telecommunications, software and the information technology industries are presently high and may not be sustained in the future. Additionally, current valuations may not be reflective of future valuations within these industries or our industry.

43. *Our growth requires additional capital which may not be available on terms acceptable to us.*

We intend to pursue a strategy of continued investment to grow our business and expand the range of products and services we offer. We anticipate that we may need to obtain financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our acquisition plans or growth strategies or reduce capital expenditures and the size of our operations. See “ – External Risk Factors – Risks Relating to India – Any downgrading of India’s debt rating by an independent agency may harm our ability to raise debt financing” on page xxvii for more information.

44. *We have not entered into any definitive agreements to use the net proceeds of the Issue.*

The net proceeds from this Issue are expected to be used as set forth under “Objects of the Issue” beginning on page 63. The use of the net proceeds is at our sole discretion. We have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue. We have not identified or approved of any investments in assets or otherwise, or any projects or acquisition targets to utilise the net proceeds of the Issue. There can be no assurance that we will be able to enter into such agreements on

terms favorable to us or at all. Accordingly, investors in this Issue will need to rely upon the judgment of our management, who will have considerable discretion, with respect to the use of proceeds.

45. *There could be changes in the implementation schedule of the expansion and diversification programme.*

Our estimated fund requirements are based on our current business plan and strategy. However, we operate in a highly competitive and dynamic industry, and as such, we may have to revise our business and capital outlay plans from time to time. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

46. *Some of our Subsidiaries have incurred losses in recent fiscal years.*

Certain of our Subsidiaries have incurred losses in recent years, as set forth in the table below:

Name of Subsidiary	Profit /(Loss) After Tax		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
OnMobile Singapore Pte Limited (In Sing\$ million)	0.0008	(0.001)	(0.04)
OnMobile Australia Pty Limited (In AUD million)	(0.001)	0.001*	-
Phonetize Solutions Private Limited (In Rs. million)	(0.026)	0	-

*For the period March 9, 2005 to March 31, 2006

We cannot assure prospective investors that these Subsidiaries may not incur losses in the future.

EXTERNAL RISK FACTORS

Risks Relating to Our Industry

47. *Our carrier customers are subject to extensive government regulation of the telecommunications industry in India.*

While we are not subject to any specific government regulation, we are dependent on our carrier customers to market and sell our white label applications and services which we offer. As such, any regulation which may have a material adverse affect on our carrier customers may in turn adversely harm our business. The telecommunications industry in which our carrier customers operate is subject to extensive government regulation. The Government of India along with the Telecommunications Regulatory Authority of India ("TRAI") regulate many aspects of the telecommunications industry in India. The extensive regulatory structure under which our carrier customers operate could constrain their flexibility to respond to market conditions, competition or changes in their cost structure, and thereby adversely affect them. In addition, they are required to obtain a wide variety of approvals from various regulatory bodies. There can be no assurance that these approvals will be forthcoming on a timely basis or at all, which could have a material adverse effect on their business, results of operations, financial condition and prospects.

The Government of India may replace or revise regulations or policies, including the introduction of number portability, guidelines for Spectrum allocation and end-user pricing rules. Any such changes, and related uncertainties with respect to their implementation, could have a material adverse effect on the business, results of operations, financial condition and prospects of our carrier customers which may in turn adversely affect us. Our carrier customers may also need to incur capital expenditures to comply with and benefit from anticipated changes in regulation that are then postponed, not implemented or not implemented on terms favourable to them. In addition, their inability to complete certain actions required by the regulators on time or at all may adversely affect their operations and financial condition.

The licences under which our carrier customers operate their businesses typically reserve broad discretion to the Government of India to influence the conduct of their businesses by giving it the right to modify, at any time, the terms and conditions of the licences and to terminate or suspend the licences in the interests of national security or in the event of a national emergency, war or similar situations. In addition, the Government of India may also impose certain penalties including suspension, revocation or termination of a licence in the event of default by our carrier customers in complying with the terms and conditions of the licence. Our carrier customers' licences may also be for a fixed term and there can be no assurance that any of these licences will be renewed at all or renewed on the same or better terms. Any of the foregoing may

have a material adverse effect on business, results of operations, financial condition and prospects of our carrier customers which may in turn have an adverse effect on us.

48. *We may be adversely affected by new government regulations implemented for the telecommunications value added services industry in which we operate.*

Currently, the telecommunications value added services industry is not subject to any specific government regulations. However, there can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licences from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations, or our inability to obtain these approvals and licences or perform such requirements and conditions on time or at all, may have a material adverse effect on our business and results of operations. In addition, we may have to incur capital expenditures to comply with any new regulations, which may also materially harm our results of operations.

49. *We may be adversely affected by changes in technology.*

The telecommunications industry is subject to rapid and significant changes in technology. The technologies we currently employ may become obsolete or subject to competition from new technologies in the future, and the technology in which we invest in the future may not perform as we expect or may be superseded by competing technologies before our investment costs have been recouped. In addition, the cost of implementing new technologies, upgrading our networks or expanding network capacity to effectively respond to technological changes and the introduction of third-generation mobile communications technologies may be substantial. Our ability to meet such costs will, in turn, depend upon our ability to obtain additional financing on commercially acceptable terms. Moreover, there can be no assurances that technologies will develop according to anticipated schedules, or that they will perform according to expectations or be commercially accepted. As a result, our business, results of operations, financial condition and prospects could be negatively impacted.

50. *There have been allegations in recent years that there may be health risks associated with the use of portable mobile communication devices which could adversely affect our business.*

Portable communication devices may pose health risks due to radio frequency emissions from such devices. Several mobile communications equipment manufacturers have undertaken studies concerning the health risks associated with using mobile communications devices and have publicly announced that there is no evidence of any health hazards or risks. However, the actual or perceived risk of mobile communications devices in India could adversely affect us through a reduced subscriber growth rate or a reduction in subscribers or reduced network usage per subscriber or through a claim for compensation.

Risks Relating to India

51. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

52. *Political instability or changes in the government could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.*

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, the United Progressive Alliance, which came to power in May 2004, is a coalition of several political parties and is headed by the Indian National Congress Party. Although the current government has announced policies

and taken initiatives that support the economic liberalisation policies that have been pursued by previous governments, the rate of economic liberalisation could change, and specific laws and policies affecting foreign investment and other matters affecting investment in our securities could change as well. Any significant change in liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

53. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

54. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.*

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

55. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

56. *Significant shortages in the supply of crude oil or natural gas could adversely affect the Indian economy, which could adversely affect us.*

India imports approximately 75% of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors such as the level of global production and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Global crude oil prices have risen significantly in 2005 and 2006, driven in part by the strong demand for imported oil in India and China. Any significant increase in oil prices could affect the Indian economy. This could adversely affect our business including our ability to grow, our financial performance, our ability to implement our strategy and the price of our Equity Shares.

57. *Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.*

Wage costs in India have historically been significantly lower than wage costs in the United States, Europe and other developed economies for comparably skilled professionals, which has been one of India's competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the western countries, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

58. *Any disruption in the supply of power, information technology infrastructure and telecommunication lines could disrupt our business process or subject us to additional costs.*

India's infrastructure, in particular its roads, airports and power sectors, needs to be upgraded to support growth in the country. Infrastructure in the cities needs to be improved substantially to handle the expansion of the information technology industry. Any disruption in basic infrastructure or the failure of the Indian government to improve the existing infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our customers. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, information technology infrastructure or telecommunication lines are disrupted. This may result in the loss of customers, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

Risks Relating to this Issue and Investment in our Equity Shares

59. *After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.*

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian telecommunications sector and changing perceptions in the market about investments in the Indian telecommunications sector, adverse media reports on us or the Indian telecommunications sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

60. *Any future issuance of Equity Shares may dilute prospective investors' shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.*

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading 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 our Equity Shares.

61. *Over the past 12 months, we have issued Equity Shares, and may have done so at prices which are lower than the offer price of our Equity Shares in this Issue.*

Over the past 12 months, we have issued Equity Shares at prices ranging between Rs. 10 to Rs. 3,881 per Equity Share. For more information, see "Capital Structure – Notes to Capital Structure" at page 51. The price at which Equity Shares have been issued in the past 12 months is not indicative of the price at which Equity Shares may be offered in the Issue or at the price at which they will trade upon listing.

62. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have 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 defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

- 63. *There is no guarantee that the Equity Shares will be listed on the Indian stock exchanges in a timely manner, and prospective investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Issue.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. There could be a delay in listing the Equity Shares on the NSE and BSE. Any delay in obtaining the approval would restrict prospective investors' ability to dispose of their Equity Shares.

In addition, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by 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 investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

- 64. *Because the Issue Price per Equity Share is likely to be substantially higher than our book value per Equity Share, purchasers in this Issue will immediately experience a substantial dilution in net tangible book value.***

Purchasers of our Equity Shares will experience immediate and substantial dilution in net tangible book value per Equity Share from the Issue Price per Equity Share. After giving effect to the sale of Equity Shares being offered and sold in this Issue and after deducting underwriting discounts and commissions and estimated Issue expenses payable by us, and the application of the net proceeds, our pro forma as adjusted net tangible book value as of March 31, 2007, would have been Rs. [●] million, or Rs. [●] per Equity Share. This represents an immediate dilution in net tangible book value of Rs. [●] per Equity Share to new investors purchasing our Equity Shares in this Issue.

- 65. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We are subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

Notes to Risk Factors

- (i) Public issue of 10,900,545 Equity Shares of Rs. 10 each for cash at a price of Rs [●] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating Rs. [●] million, comprising of a Fresh Issue of 8,613,356 Equity Shares of the Company and an Offer for Sale of 2,287,189 Equity Shares by the Selling Shareholder. The Issue would constitute 18.99% of the post-Issue paid-up capital of our Company.
- (ii) In terms of Rule 19 (2)(b) of the Securities Contracts (Regulations) Rules, 1997, as amended ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will

be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

- (iii) The average cost of acquisition of equity shares by each of our Promoters, OMSI, Arvind Rao and Chandramouli Janakiraman, is Rs. 0.77. For details see “Capital Structure” on page 50. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares acquired by them including bonus shares.
- (iv) The net worth of our Company is Rs. 2,026.78 million as of March 31, 2007, as per our consolidated restated financial statements included in this Draft Red Herring Prospectus.
- (v) The net asset value/book value per Equity Share of Rs. 10 each was Rs. 613.0 as of March 31, 2007 as per our consolidated restated financial statements included in this Draft Red Herring Prospectus. All numbers presented have been adjusted on post-bonus issue basis.
- (vi) Our Promoters, are interested in our Company by virtue of their shareholding, if any, in our Company and our Directors and Key Managerial Personnel are interested in our Company by virtue of their shareholding, if any, in our Company and to the extent of stock options granted to them under the ESOP Plans, if any and to the extent of remuneration and sitting fees paid to the Directors, if any. See “Capital Structure” and “Our Management” on pages 50 and 121, respectively.
- (vii) Other ventures promoted by our Promoters are interested to the extent of their shareholdings in our Company. See “Capital Structure” on page 50.
- (viii) Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- (ix) 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 the BRLMs for any complaints pertaining to the Issue.
- (x) For related party transactions, see “Related Party Transactions” on page 140.
- (xi) Investors are free to contact the BRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- (xii) Investors may note that in case of over-subscription in the Issue, at least 60% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholder in consultation with the BRLMs. For more information, please refer to “Issue Procedure – Basis of Allotment” on page 296.
- (xiii) Investors are advised to refer to “Basis for Issue Price” on page 67.
- (xiv) Our Company was incorporated as Onscan Technologies India Private Limited on September 27, 2000. In order to reflect the Company’s wire applications business, the name of our Company was changed to OnMobile Asia Pacific Private Limited with effect from April 10, 2001 and a fresh certificate of incorporation consequent upon the change of name was issued by the RoC in this regard. The name of our Company was further changed to OnMobile Global Limited and status of our Company was changed to a public limited company by a special resolution of the members

passed at AGM held on August 17, 2007. The fresh certificate of incorporation consequent upon the change of name was granted to our Company on August 21, 2007 by the RoC.

- (xv) Our registered office was shifted from 1003-1004, Prestige Meridian II, 30, M.G. Road, Bangalore 560 001, India to Pavithra Complex, Site No.1, 1st floor, 2nd Cross, 27th Main, BTM 1st Stage, Bangalore 560 068, India by a resolution of our Board dated July 5, 2004. The registered office was again shifted to No. 26, Bannerghatta Road, J.P. Nagar 3rd Phase, Bangalore 560 076, India by a resolution of our Board dated April 14, 2006.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

We are a leading provider of telecommunications value added software products and services in India with an expanding international presence, particularly in emerging markets in Asia. Our products are targeted at end-user telecommunications subscribers with an increasing focus on capitalising on the convergence between wireless and wireline telecommunications services, media content distribution, internet, mobile marketing and mobile commerce.

We have a broad range of applications that are delivered by our carrier customers to their end-user subscribers. These products include ringback tones, voice portals, ringtone downloads, subscription manager, contests, music messaging, on-device client software, mobile radio, dynamic voicemail, voice short messaging service and missed call alerts which enable subscribers to personalise their mobile phones and thereby enhance user experience. Our products also allow subscribers to access informational and entertainment content in multiple languages using speech-based navigation such as stock and commodity price updates, news, sports updates, jokes and music. In addition, subscribers can access entertainment content such as live sports commentary and karaoke using our audio streaming solutions. Our products include interactive user-generated content solutions which allow subscribers to participate in contests and auctions, classified advertisements and find-a-friend.

We also deliver interactive media solutions to leading media companies, such as tele-voting, interactive programming and mobile auditioning. Our interactive media solutions are also used by marketing companies for mobile advertising and lead generation. In addition, we provide a range of mobile commerce solutions which enable subscribers to buy movie tickets, railway tickets, top up their pre-paid mobile phonecards and pay bills using their mobile phones.

Our customers include the major telecommunications carriers or operators in India such as Bharti Airtel Limited (“Bharti”), Bharat Sanchar Nigam Limited (“BSNL”), Reliance Communications Limited (“Reliance”), Tata Teleservices Limited (“TTSL”) and Vodafone Essar Limited (“Vodafone Essar”) and more than 10 international telecommunications operators in over eight countries, including SingTel Optus Pty Limited (“Optus”) in Australia, Sheba Telecom (Pvt) Limited (“Banglalink”) in Bangladesh, Malaysian Mobile Services Sdn Bhd (“Maxis”) in Malaysia, PT Bakrie Telecom, Tbk (“BTEL”) and PT Indosat Tbk (“Indosat”) in Indonesia. As of June 30, 2007, we had a market reach of more than 216 million subscribers in India. As of March 31, 2007, we had a market reach of more than 75 million subscribers internationally. In addition, we had approximately 156 million unique users who had used at least one of our services since our inception.

In addition to telecommunications carriers, we market our products and services to media companies such as AOL Interactive Media India Pvt. Ltd. (“AOL”), Buena Vista Internet Group (“Disney”), ESPN Software India Pvt Ltd (“ESPN”), India Today Group digital, a division of Living Media India Ltd., Star India Pvt. Ltd. (“Star”), merchants, handset equipment manufacturers such as Nokia Pte Ltd. (“Nokia”), content owners and creators, advertisers, and other large corporations.

Our products create new revenue sources for our customers by expanding the technical and market reach of mobile phones and telecommunications networks. Telecommunications value added services provide incremental revenue to the telecommunication operators with comparatively smaller spending on capital expenditures.

We provide our carrier customers with end-to-end turnkey solutions, which we manage for them on an outsourced service basis through long term contracts. Almost all our contracts provide for revenue sharing through which we receive a portion of the revenue generated by the carriers from their end-user subscribers. This enables us to earn recurring revenue over a long term period and to share in the benefits of growth in our carrier customers’ subscriber base and increased usage of our services. We source content for our applications from over 65 content owners and content suppliers which we deliver to our customers through our delivery platforms.

Most of our applications are not network or handset specific and are deployable across major networks, including the Global System for Mobile Communications (“GSM”), Code Division Multiple Access

("CDMA") and legacy wireline networks, regardless of the technical capabilities of the mobile device. Our multi-modal platform enables us to deliver text, audio, data or video content through multiple modes including voice, Short Messaging Service ("SMS"), Multimedia Message Service ("MMS"), Unstructured Supplementary Service Data ("USSD"), on-device portals, wireless application protocol ("WAP") and 2, 2.5 and third generation protocol ("3G") technologies to the end-user subscribers, thereby allowing us to rapidly deploy a wide range of our products across operators and networks.

We use speech recognition technology as one of our primary user interfaces to satisfy increasing market demand for simpler user interfaces. Our speech-based solutions are not handset specific and is not dependent on the capabilities of the handsets and can be used by almost all our target subscriber base, giving us significant market reach, consumer acceptance and usage. In addition, our on-device software product simplifies the user interface and enables end-users to access sophisticated services easily.

We have a track record of creating, developing and successfully launching innovative software product applications such as Indian vernacular and international languages for our voice portals, ringback tones, Press * to copy, dynamic ringback tones, viral ringback tones, live audio commentary, vernacular WAP portal and voice search solutions, which validates our technology development strength and depth of market experience. Based on our track record and consistent ability to develop and deliver products and services to our customers over the past few years, we believe that we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers and create new revenue streams.

We were incorporated in India on September 27, 2000 by OMSI, which was an incubated startup of Infosys Technologies Limited ("Infosys"), to develop telecommunication software applications for the mobile telecommunications industry worldwide. Our registered office is located in Bangalore, India. We also maintain offices in Singapore, Jakarta and Sydney. In December 2006, we acquired ITfinity, a mobile technology software specialist based in India with an expertise in developing mobile data products. We have recently acquired Vox mobili SA to expand our product portfolio in data and to access markets in Europe and North America. See "--Vox mobili SA" for more information.

We were ranked the top value added services company in fiscal 2007 by Voice & Data, a leading publication for the telecommunications industry in India. We had the largest value-added services deployment of speech ports worldwide of Nuance Communications, Inc., a leading provider of speech and imaging solutions for businesses and consumers around the world, in fiscal 2007 and 2006.

Our consolidated net revenue increased from Rs. 409.5 million in fiscal 2005 to Rs. 826.2 million in fiscal 2006 and to Rs. 1,329.7 million in fiscal 2007, representing a compounded annual average growth rate of 80.2%. Our consolidated profit after tax increased from Rs. 140.2 million in fiscal 2005 to Rs. 247.8 million in fiscal 2006 and to Rs. 337.2 million in fiscal 2007, representing a compounded annual average growth rate of 55.1%.

Our Competitive Strengths

Significant market share in India's fast growing telecommunications value added services market

The provision of telecommunications services is a priority in India's expanding economy. As land-based telephone connections and services are inadequate and/or antiquated, mobile phones are increasingly required to fill the growing demand for communications. Competitive pressures have also resulted in decreasing prices in the Indian telecommunications industry and our carrier customers are increasingly looking to value added services to support and grow their revenue and margins. As a result, India has developed into one of the fastest emerging markets in the world for mobile value added services, according to Cygnus Business Consulting & Research. In India, our customers include leading telecommunication carriers such as Bharti, BSNL, Reliance, Vodafone Essar and TTSL, which have 22.5%, 18.8%, 17.0%, 16.0% and 9.7%, respectively, of the market share of the total wireless subscribers as of March 2007, according to TRAI. As of March 2007, we had a market reach of more than 96% of India's telecommunications wireless subscribers through our carrier customers.

Deep and long-term customer relationships which create high technological and time-to-market barriers to entry for new entrants

We have deep and long-standing relationships with our customers developed through our long-term partnership contracts and revenue sharing arrangements that allow us and our customers to share in the revenue generated by our products and services. Our customer contracts are generally master contracts that allow us to add new products and services rapidly with essentially the same terms and conditions as the master contract. Since our inception in September 2000, we have not lost any major customers and have consistently achieved year on year revenue growth with each of them. This was achieved through our development of innovative revenue generating products and joint revenue product planning and service deployments with our customers, thereby making us integral to our customers' growth plans.

Furthermore, service deployments with our major carrier customers involve complex hardware systems and software applications deeply embedded within the carrier's network infrastructure and integrated into the carrier's billing, provisioning, service management, customer care and other core network systems. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our major customers. This minimizes the complexities involved in deploying and marketing new services, which gives us an advantage over our competitors in the development, testing and commercialisation of innovative new mobile solutions and products by reducing the time-to-market for new product introductions as the new products, content and updates can be easily launched through our existing infrastructure.

In addition, we offer our customers end-to-end turnkey solutions, which we manage for them on an outsourced service basis. Such end-to-end solutions include hardware and software platforms, application development, infrastructure management and customer support, including software maintenance, hardware support and help desk services. By providing end-to-end solutions, we operate as a "one-stop-shop" for carriers and other customers that look for product, operational and marketing support. Our ability to deliver end-to-end solutions significantly helps customers who are interested in conceiving, developing and quickly getting their new service offerings to market. For example, we are one of the few providers in India to offer mobile commerce solutions as managed services. For more information, see "– Customer Delivery – End-to-end Turnkey Solutions" on page 97.

Proven track record in bringing innovative solutions to market

We believe that with our track record, accumulated market experience, technical capabilities and operational expertise, we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers. For example, we have a proven track record of creating, developing and successfully launching innovative product applications such as Indian vernacular languages for our voice portal and audio streaming ringback tones solutions.

In addition, we have invested and will continue to invest resources in research and development in order to keep creating new applications and solutions and to upgrade or improve our existing ones. We believe that the research and development experience and knowledge base that we have developed over the years will enable us to continue delivering innovative services in the area of new and enabling technologies and keep us at the forefront of developments in our industry. The large size of our research and development team and their technical expertise allows us to offer and customize tailored products and services to our customers in very short timeframes with advanced software features. See "– Technology and Product Development" on page 98 for more information.

Blue-chip customer base

We have successfully deployed our solutions over the past seven years and currently service major blue-chip customers including AOL, Bharti, BTEL, BSNL, Indosat, Maxis, Optus, Reliance, Star, TTSL and Vodafone Essar. Our existing relationships with such blue-chip customers enable us to easily cultivate new customer relationships, as new customers are aware that our blue-chip customers have selected us based on our constant innovation, consistent operational track record and the competitiveness of our products and the commercial terms of our business.

We draw significant benefits from our scale of operations and breadth of products

Our business exhibits significant economies of scale, for example in software development manpower costs, hardware and software purchasing, centralised operations support staff, content purchasing and infrastructure. The breadth and depth of our product and services portfolio allows us to extract value from cross-selling services, data mining, cost sharing, re-use of software code, sharing of system resources and databases and other similar synergies. It allows our customers to offer a wide range of similar user interface services to their subscribers, resulting in ease of market adoption, faster revenue results, and higher end-user satisfaction. We continuously work on feature enhancements and interlinkages between our products to generate new value in a cost efficient manner. Such synergies are not available to many of our single-product competitors.

Experienced management and core engineering team

Our senior management team has an average of over 15 years of experience in the telecommunications and technology industries and have previous work experience at well established companies such as Infosys, Ericsson India Private Limited, Nokia India Private Limited, IBM, Hughes Escorts Communication Limited and Samsung Corporation. Our senior management team has significant experience in all aspects of our business and has transformed us from a small start-up into our current status as a leading provider of telecommunications value added products and services in India. In addition, our core engineering team consists primarily of experienced ex-Infosys employees who bring with them global delivery process and software engineering expertise. Most of the members of our senior management and core engineering teams have been with us since our inception and have successfully executed our growth strategy that has increased our net revenue from approximately Rs. 172.6 million in fiscal 2004 to Rs. 1,329.7 million in fiscal 2007. See “Our Management” for more information.

Our Strategy

Our mission is to grow into one of the leading global providers of telecommunications value added services serving global wireless and wireless telecommunication operators, mobile virtual network operators, media companies, content owners and publishers, internet companies, mobile commerce merchants and corporates

Develop and launch innovative applications to further penetrate our existing customer base as well as new markets

We believe that the telecommunication value added services industry is evolving rapidly due to the development of more sophisticated handsets, advanced network infrastructure, increasing consumer acceptance and the availability of rich and varied content and services for end-users. We have a track record in developing and launching innovative new products that tap into consumer preferences across the markets we serve. We intend to utilise our leading market position in India to launch, test and develop innovative applications and services with our existing carrier customers, thereby expanding the breadth of services we power and manage for them, as well as export these new applications and services in new international markets as they become commercially viable. We have a pipeline of software products under development and expect to supplement these with products and technology that we may acquire. For example, we are currently in the process of deploying our new mobile marketing solutions such as our m-advertising, m-coupon and Ad-RBT solutions with our customers. As our product portfolio and end-user base expands, we also benefit from increased market understanding which enables us to analyse purchasing and usage behaviour, develop products which match consumer preferences and cross-sell services to the end-users we reach.

Expand our international presence

We intend to expand our geographic presence and market to new carrier and other target customers by leveraging our expertise and track record in offering products that address the needs of international customers. In fiscal 2007, we entered into contracts with eight new wireless carriers in Indonesia, Malaysia, Pakistan, Bangladesh and Sri Lanka for licencing and management of our telecommunications value added services. In order to develop and support these new carrier customer relationships, we intend to upgrade and expand our network of development, sales and support resources in potential growth markets, establish overseas offices and to enter into local partnerships and distribution arrangements.

Continue developing new service initiatives such as our mobile commerce and mobile marketing and media solutions portfolio

We have successfully tested and launched mobile commerce applications such as movie ticketing, railway ticketing and utility bill payment. With the evolution of the mobile phone beyond its basic call functionality, we believe that there are opportunities to deploy applications and services which enable merchants and consumers to sell and purchase goods, mobile content and other products using the wireless handset as a sales channel. Merchants will be able to leverage the increasing reach of telecommunications networks to access large and difficult to reach markets like the rural sections of India. We intend to leverage the mass customisation capabilities of our value added software services deployments with carriers to bring to market advanced capabilities such as demand aggregation and personalised one to one direct marketing. We believe that our experience in delivering telecommunications value added services to mobile users over a seven-year period gives us a deep understanding of usage behavior on value added services. We intend to continue working with marketing and media companies and operators to develop focused marketing and advertising solutions for target market sectors or customers.

Pursue selective strategic acquisitions and investments

We continually seek new growth and acquisition opportunities in our existing line of business as well as related businesses to expand our geographic presence, service offerings, carrier relationships and technological expertise. By selecting the opportunities for growth and acquisition carefully and leveraging our transactional, project execution, and operational skills, we expect to continue to expand our business. For example, in December 2006, we acquired a majority stake in ITfinity, a mobile technology software specialist with an expertise in the development of mobile data products based in Mumbai, which subsequently merged with us in May 2007. Its customers include, among others, Nokia. In September 2007, we acquired Vox mobili SA, a Paris-based global provider of personal data management, wireless synchronization and embedded client solutions. We will pursue similar opportunities in other regions to strengthen and grow our business, including investment in or acquisition of minority or majority stakes in companies which support our business and product strategy.

Strategic distribution partnerships

For selected markets and product categories, we intend to enter into strategic distribution partnerships with well established companies which have strengths that are complementary to ours. For example, we recently signed a global reseller agreement with Nokia Siemens Networks GmbH & Co. KG to distribute our ringback tones products to their global customer base using their customer account teams, onsite resources and infrastructure and thereby leverage their local customer base and product support capabilities.

Attract and retain talent

We intend to continue identifying, attracting, training and retaining highly skilled application development engineers and technical personnel, business development experts and well-qualified and experienced senior management and sales team members. Building successful technical and business teams will enable us to continue identifying and developing innovative products and solutions, deepen and expand our customer relationships and pursue acquisitions to grow our business.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the years ended December 31, 2002, March 31, 2004, 2005, 2006 and 2007. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled “Financial Statements” beginning on page 143. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 237. Indian GAAP differs in certain significant respects from US GAAP and IFRS.

Annexure 1 - Restated Summary Statement of Consolidated Assets and Liabilities						
(Amount in Rs. Million)						
		As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
FIXED ASSETS						
Gross Block		580.65	356.01	181.34	115.44	12.82
Less : Accumulated depreciation		288.45	143.00	57.90	13.11	6.08
Net Block		292.20	213.01	123.44	102.33	6.74
Add: Capital Work in Progress		42.87	-	5.05	-	-
Total	A	335.07	213.01	128.49	102.33	6.74
Goodwill on consolidation	B	204.81	-	-	-	-
INVESTMENTS	C	1,023.54	26.07	10.14	5.08	-
Deferred tax liability (net)	D	(29.86)	(23.38)	(11.30)	(8.06)	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventory		-	-	-	1.58	0.68
Sundry debtors		539.28	340.49	165.08	36.14	5.47
Cash and bank balances		211.60	39.93	41.68	29.25	8.44
Loans and advances		479.05	236.38	88.93	15.74	0.87
Total	E	1,229.93	616.80	295.69	82.71	15.46
Total (A+ B+ C+ D+E)	F	2,763.49	832.50	423.02	182.06	22.20
LIABILITIES AND PROVISIONS						
Secured Loans		-	-	-	-	-
UnSecured Loans		-	-	-	-	-
Current Liabilities & Provision		722.85	386.60	224.92	124.22	7.55
Total	G	722.85	386.60	224.92	124.22	7.55
Net Worth(F-G)	H	2,040.64	445.90	198.10	57.84	14.65
Net Worth represented by:						
SHAREHOLDERS' FUNDS						
Share capital		36.54	22.92	22.90	22.87	22.87

Reserves & surplus	1,990.24	422.98	175.20	34.97	(8.22)
Minority interest	13.86	-	-	-	-
Total	2,040.64	445.90	198.10	57.84	14.65

Annexure 2 - Restated Summary Statement of Consolidated Profits and Losses

	(Amount in Rs. Million)				
	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
INCOME					
Telecom Value Added Services					
- Domestic	1,269.72	784.80	387.76	118.65	14.05
- Export	10.87	-	0.57	-	6.40
Software Development	11.75	-	-	-	-
Software Licence Fee	13.50	27.00	14.06	50.75	-
Other Services	23.88	14.37	7.07	3.24	-
Other income	43.41	1.09	1.83	1.22	0.15
Net Revenue	1,373.13	827.26	411.29	173.86	20.60
EXPENDITURE					
Cost of Sales & Services	237.22	122.82	59.58	49.37	6.55
Manpower costs	270.46	114.88	46.52	35.76	12.44
Administration and other expenses	212.14	117.15	39.01	17.89	4.90
Total Operating Expenses	719.82	354.85	145.11	103.01	23.89
Earnings before Interest, Tax and Depreciation	653.31	472.41	266.18	70.85	(3.29)
Depreciation	142.93	85.10	44.78	8.52	4.00
Earnings before Interest and Tax	510.38	387.31	221.40	62.33	(7.30)
Finance charges	0.16	-	-	-	-
Earnings before Tax	510.22	387.31	221.40	62.33	(7.30)
Provision for taxation					
- current tax	154.99	123.91	78.10	11.30	0.25
- deferred tax (Note B (15))	6.38	12.08	3.24	8.06	0.05
- fringe benefit tax	6.14	3.53	-	-	-
- Excess Provision in earlier years	-	-	-	(0.11)	-
Earnings after Tax	342.71	247.79	140.06	43.08	(7.59)
Adjustments on account of:					
(Refer Annexure 4)					
Impact on change of accounting					

policies	-	-	0.16	0.27	0.22
Impact on material adjustment and prior period items	-	-	-	(0.16)	0.16
Adjusted Profit/(loss)	342.71	247.79	140.23	43.19	(7.21)
Profit of Share of Minority Interest	5.51	-	-	-	-
Earnings after Tax after Minority Interest	337.20	247.79	140.23	43.19	(7.21)
Balance brought forward from previous year	422.98	175.20	34.97	(8.22)	(1.01)
Less: Transfer to General Reserve	4.00	-	-	-	-
Balance carried forward to Balance sheet	756.18	422.98	175.20	34.97	(8.22)
No. of Equity Shares of 10 each outstanding	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
Weighted average no. of Equity Shares of 10 each outstanding					
-Basic	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
-Diluted	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457
Earnings Per Share (Rs.)					
- Basic	13	19	11	3	(1)
-Diluted	7	7	5	1	-

1. Earnings per share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India

2. The diluted loss per share for the year ended December 31,2002 is anti dilutive and hence ignored/ not given

3. A general meeting held on August 17, 2007 the shareholders have consented for issuance of 12 Equity shares of face value of Rs. 10 each as bonus shares for every one share held by the Equity shareholders of the Company whose name appear in the register of members as on the record date, by capitalisation of capital redemption reserve and securities premium account. The Board of Directors by a circular resolution on August 18, 2007 have allotted the said bonus shares. Consequently, the calculation of basic and diluted earnings per share has been adjusted for the increase in the number of Equity Shares outstanding as a result of the issuance of bonus Equity Shares, for all the periods presented.

Annexure 3 - Restated Consolidated Cash Flow Statement

	(Amount in Rs. Million)									
	For the year ended		For the year ended		For the year ended		For the 15 month period ended		For the year ended	
	March 31, 2007		March 31, 2006		March 31, 2005		March 31, 2004		December 31, 2002	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Net cash generated from operating activities (A)		347.96		182.68		87.02		128.91		5.51
Net cash used in investing activities (B)		(1,414.56)		(184.46)		(74.62)		(108.10)		1.70
Net cash used in financing activities (C)		1,225.11		0.03		0.03		-		-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A +		158.50		(1.75)		12.43		20.81		7.20

B + C)

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	39.93	41.68	29.25	8.44	1.23
Cash of ITFinity on acquisition	13.18	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	211.61	39.93	41.68	29.25	8.44

THE ISSUE

Equity Shares offered by:	
Issue	10,900,545 Equity Shares of face value Rs. 10 each
<i>Of which</i>	
Fresh Issue by the Company	8,613,356 Equity Shares of face value Rs. 10 each
Offer for Sale by the Selling Shareholder	2,287,189 Equity Shares of face value Rs. 10 each
<i>Of which</i>	
A) Qualified Institutional Buyers (QIB) portion	At least 6,540,327 Equity Shares of face value of Rs. 10 each (<i>Allocation on a proportionate basis</i>)
<i>Of which</i>	
Available for allocation to Mutual Funds only	Up to 327,016 Equity Shares of face value of Rs. 10 each (<i>Allocation on a proportionate basis</i>)
Balance for all QIBs including Mutual Funds	Up to 6,213,311 Equity Shares of face value of Rs. 10 each (<i>Allocation on a proportionate basis</i>)
B) Non-Institutional Portion*	Not less than 1,090,055 Equity Shares of face value of Rs. 10 each (<i>Allocation on a proportionate basis</i>)
C) Retail Portion*	Not less than 3,270,164 Equity Shares of face value of Rs. 10 each (<i>Allocation on a proportionate basis</i>)
Equity Shares outstanding prior to the Issue	48,792,783 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	57,406,139 Equity Shares of face value of Rs. 10 each
Use of Issue Proceeds	See the section titled “Objects of the Issue” on page 63. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder.

* Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholder in consultation with the BRLMs. For more information, please refer to “Issue Procedure – Basis of Allotment” on page 296.

GENERAL INFORMATION

Our Company was originally incorporated as Onscan Technologies India Private Limited on September 27, 2000. The name of our Company was changed to OnMobile Asia Pacific Private Limited on April 10, 2001 and a fresh certificate of incorporation consequent on change of name was issued by the RoC in this regard. The name of our Company was further changed to OnMobile Global Limited and status of our Company was changed to a public limited company by a special resolution of the members passed at the annual AGM held on August 17, 2007. The fresh certificate of incorporation consequent to the change of name was granted to our Company on August 21, 2007, by the RoC.

Registered Office

OnMobile Global Limited

26, Bannerghatta Road

J.P.Nagar 3rd Phase

Bangalore 560 076

India

Corporate Identity Number: U64202KA2000PLC027860

Tel: (9180) 41802500

Fax: (9180) 41802810

Email: investors@onmobile.com

Website: www.onmobile.com

The following are the details in relation to our Registered Office having been shifted:

From	To	Date of Board resolution
1003-1004, Prestige Meridian II, 30, M.G.Road, Bangalore 560 001	Pavithra Complex, Site No.1, 1 st floor, 2 nd Cross, 27 th Main, BTM 1 st Stage, Bangalore 560 068	July 5, 2004
Pavithra Complex, Site No.1, 1 st floor, 2 nd Cross, 27 th Main, BTM 1 st Stage, Bangalore 560 068	No. 26, Bannerghatta Road, J.P. Nagar 3 rd Phase, Bangalore 560 076	April 14, 2006

Address of Registrar of Companies

The Registrar of Companies, Bangalore at Karnataka

'E' wing, 2nd floor

Kendriya Sadana

Koramangala,

Bangalore 560 034

India

Board of Directors

Name, Designation, Occupation	Age (In Years)	Address
<i>Arvind Rao</i> Managing Director and CEO Entrepreneur	49	Flat No. 8C, Oyster Building Pilot Bunder Road, Navy Nagar Colaba Mumbai 400 005 India
<i>Chandramouli Janakiraman</i> Chief Technology Officer Software Engineer	39	F-103, Adarsh Residency 47 th Cross, Jayanagar, 8 th Block Bangalore 560 082 India
<i>H.H. Haight IV</i> Non-executive Director Business	74	25, Beaver Pond Road Beverly MA01915 USA

Name, Designation, Occupation	Age (In Years)	Address
Sridar A. Iyengar Independent Director Service	60	85, Fair Oaks Lane, Atherton CA 94027 USA
Vikram S. Kirloskar Independent Director Industrialist	48	202A, Embassy Place 16, Cunningham Road Bangalore 560 052 India
Naresh K. Malhotra Independent Director Business	60	No.31, 2 nd Main, Defence Colony Indiranagar Bangalore 560 038 India
Prof. Jayanth Rama Varma Independent Director Professor	47	318, Indian Institute of Management, Vastrapur, Ahmedabad, Gujarat 380 015 India

For further details of our Directors, see the section titled “Our Management” on page 121.

Company Secretary and Compliance Officer

Srikiran D.

26, Bannerghatta Road
J.P.Nagar 3rd Phase
Bangalore 560 076
Tel: (91 80) 4180 2500
Fax: (91 80) 4180 2810
Email: investors@onmobile.com

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

Book Running Lead Managers

Deutsche Equities India Private Limited

Kodak House, 3rd Floor
222, Dr. D. N. Road
Fort
Mumbai 400 001
India
Tel: (91 22) 6658 4600
Fax: (91 22) 2200 6765
Email: onmobile.ipo@db.com
Website: www.db.com/india
Contact Person: Mr. Sameer Taimni
Registration No.: MB/ INM000010833

ICICI Securities Limited

ICICI Center
HT Parekh Marg
Churchgate
Mumbai 400 020
India
Tel: (91 22) 2288 2460/70
Fax: (91 22) 2282 6580
Email: onmobile_ipo@iciciltd.com
Website: www.icicisecurities.com
Contact Person: Mr. Sumanth Rao
Registration No.: INM000011179

Domestic Legal Advisor to the Company

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

5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
India
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Legal Advisors to the BRLMs

Legal Advisors as to US Law

Latham & Watkins LLP

9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Tel: (65) 6536 1161
Fax: (65) 6536 1171

Legal Advisors as to Indian Law

AZB and Partners

AZB House
67-4, 4th Cross, Lavelle Road,
Bangalore 560 001
India
Tel: (91 80) 4115 9999
Fax: (91 80) 2221 3947

Express Towers
23rd Floor,
Nariman Point,
Mumbai 400 021
India
Tel: (91 22) 6639 6880
Fax: (91 22) 6639 6888

Registrar to the Issue

Karvy Computershare Private Limited

Karvy House
46, Avenue 4, Street No. 1
Banjara Hills,
Hyderabad 500 034
India
Tel: (91 40) 2342 0818
Fax: (91 40) 2342 0814
Email: einward.ris@karvy.com
Website: www.kcpl.karvy.com
Contact person: Mr. M. Murali Krishna

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Banker

[•]

Bankers to the Company

ICICI Bank Limited

ICICI Bank Towers, CIBD, 1st floor
No. 1, Commissariat Road
Bangalore 560 025
Tel: (91 80) 4129 6208
Fax: (91 80) 4112 4604
Email: nirmala.v@icicibank.com
Contact Person: Ms. Nirmala Venkatanarayanan

Citibank N.A.

Citigroup Center, G Block
Plot C-61, Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Tel: (91 22) 4001 5805
Fax: (91 22) 4006 5852
Email: jatin.merchant@citi.com
Contact Person: Mr. Jatin Merchant

Kotak Mahindra Bank Limited

158, CST Road, Dani Corporate Park
4th Floor, Kalina, Santa Cruz (E)
Mumbai 400 098
Tel: (91 22) 6759 4850, 6659 6216
Fax: (91 22) 6648 2710
Email: ibrahim.sharief@kotak.com/
mahesh.shekdar@kotak.com

Contact Persons: Mr. Ibrahim Sharief/Mr. Mahesh Shekdar

Auditors

Deloitte Haskins & Sells

100/2, Anchorage II
Richmond Road
Bangalore 560 025
Tel: (9180) 6627 6170
Fax: (9180) 6627 6470
Email: vsrikumar@deloitte.com
Contact Person: Mr. Sri Kumar V.

Auditors of Vox mobili SA

Caprogec Audit SA

47, rue de Courcelles
Paris 75008
France
Tel: + 33 1 5389 0240
Fax: + 33 1 5389 0249
Email: jrebiscoul@caprogec.com
Contact Person: Jerome Rebiscoul

IPO Grading Agency

CRISIL Limited

1061, Solitaire Corporate Park
151, Andheri Kurla Road
Andheri (E)
Mumbai 400 093
Tel: (91 22) 6758 8023
Fax: (91 22) 6758 8088
Email: tvishal@crisil.com
Website: www.crisil.com
Contact Person: Mr. Vishal Thakkar

Monitoring Agency

There is no requirement for a monitoring agency for the Issue in terms of Clause 8.17 of the SEBI Guidelines.

Inter se List of Responsibilities between the Book Running Lead Managers

The responsibilities and co-ordination for various activities in this Issue are as under:

S.No.	Activities	Responsibility	Coordinator
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	DEIPL, ISEC	DEIPL
2	Due diligence of our Company's operations/ management/business plans/ legal etc. Drafting and design of the Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same	DEIPL, ISEC	ISEC
3	Drafting and approval of all publicity material other than	DEIPL, ISEC	ISEC

S.No.	Activities	Responsibility	Coordinator
	statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, roadshow presentations, FAQs, corporate films etc.		
4	Appointment of intermediaries viz. Lawyers, Registrar(s), Printers, Advertising Agency and Bankers to the Offer	DEIPL, ISEC	DEIPL
5	Institutional Marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> • Preparing roadshow presentation and frequently asked questions • Finalising the list and division of investors for one to one meetings; and • Finalising roadshow schedule and investor meeting schedules 	DEIPL, ISEC	DEIPL
6	Non-Institutional & Retail Marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> • Formulating marketing strategies, preparation of publicity budget; • Finalising Media and PR strategy; • Finalising centres for holding conferences for brokers etc.; • Finalising collection centres; and • Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material 	DEIPL, ISEC	ISEC
7	Appointment of Syndicate members	DEIPL, ISEC	ISEC
8	Managing the Book, co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading and finalisation of pricing and institutional allocation in consultation with the Company	DEIPL, ISEC	ISEC
9	The post bidding activities including management of escrow accounts, follow-up with bankers to the issue, coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Offer activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company	DEIPL, ISEC	DEIPL

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

Credit Rating

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

IPO Grading

Our Company has appointed CRISIL Limited for the IPO Grading vide agreement dated August 14, 2007. This Issue being has been graded by CRISIL Limited as [●] indicating [●], pursuant to Clauses 2.5A, 5.6B

and 6.17.3A of the SEBI Guidelines. The rationale furnished by the credit rating agency for its grading will be updated at the time of filing the Red Herring Prospectus with the Designated Stock Exchange.

Trustees

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

Project Appraisal

There is no project being appraised.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The Selling Shareholder;
3. The BRLMs;
4. Registrar to the Issue.

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

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Please refer to the section titled “Terms of the Issue” on page 273.

Our Company and the Selling Shareholder will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

While the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that 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 book as shown 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%

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
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.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid” on page 279);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see the section titled “Issue Procedure - ‘PAN’ or ‘GIR’ Number” on page 292); and
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.

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at anytime including after the Bid/ Issue Closing Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	[●], 2007
BID/ISSUE CLOSES ON	[●], 2007

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m and 1.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. 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 public offerings, 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 under the Issue. Bids will only be accepted on working 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 Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company and the Selling Shareholder reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of

the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to the filing of the Prospectus with RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [•].

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

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

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Million)
Deutsche Equities India Private Limited DB House Hazarimal Somani Marg, Fort Mumbai 400 001 India Tel: (91 22) 6658 4600 Fax: (91 22) 2200 6765	[•]	[•]
ICICI Securities Limited ICICI Center HT Parekh Marg Churchgate, Mumbai 400 020 India Tel: (91 22) 2288 2460/70 Fax: (91 22) 2282 6580	[•]	[•]

The above mentioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs 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.

CAPITAL STRUCTURE

The share capital of our Company, before the Issue and after giving effect to the Issue, as of the date of this Draft Red Herring Prospectus is set forth below:

		<i>In Rs (except share data)</i>	
		Aggregate Value at nominal value	Aggregate Value at Issue Price
A) AUTHORISED SHARE CAPITAL^(a)			
74,500,000	Equity Shares of Rs. 10 each	745,000,000	
500,000	Preference Shares of Rs. 10 each	50,000,000	
		750,000,000	
B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
48,792,783	fully paid up Equity Shares of Rs. 10 each	487,927,830	
C) PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS^(b)			
10,900,545	Equity Shares of Rs. 10 each	109,005,450	[•]
<i>Which comprises</i>			
<i>Fresh Issue</i>			
8,613,356	Equity Shares of Rs. 10 each	86,133,560	[•]
<i>Offer for Sale</i>			
2,287,189	Equity Shares of Rs. 10 each	22,871,890	[•]
D) EQUITY CAPITAL AFTER THE ISSUE			
57,406,139	Equity Shares of Rs. 10 each	574,061,390	[•]
E) SHARE PREMIUM ACCOUNT			
	Before the Issue	705,595,466	
	After the Issue		[•]

The Issue has been authorised by a resolution of our Board dated July 12, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the AGM of the shareholders of our Company held on August 17, 2007.

- a) The initial authorised capital of Rs. 10,000,000 comprising 1,000,000 Equity Shares of Rs. 10 each was increased to Rs. 30,000,000 comprising 1,000,000 Equity Shares of Rs. 10 each amounting to Rs. 10,000,000 and 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000 pursuant to a resolution of the shareholders at an EGM held on November 27, 2000.
- b) The authorised share capital was further increased to Rs. 50,000,000 comprising 3,000,000 Equity Shares of Rs. 10 each amounting to Rs. 30,000,000 and 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000 pursuant to a resolution of the shareholders at an EGM held on March 5, 2001.
- c) The same was re-classified by cancellation of 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000, increase of Equity Shares to 4,500,000 Equity Shares of Rs.10 each amounting to Rs. 45,000,000 and creation of 500,000 preference shares of Rs. 10 each amounting to Rs. 5,000,000 pursuant to a resolution of the shareholders at an AGM held on July 24, 2006.
- d) The authorised share capital was further increased to Rs. 750,000,000 comprising 7,450,000 Equity Shares of Rs. 10 each and 500,000 Preference Shares of Rs. 10 each pursuant to a resolution of the shareholders at an AGM held on August 17, 2007.

The Equity Share capital of our Company after the Issue, assuming full exercise of all outstanding options which have been vested and are yet to be exercised, under the ESOP Plans, will comprise 60,011,716 Equity Shares. For details see Note 5 of 'Capital Structure – Notes to Capital Structure' on page 51.

Offer for Sale by Selling Shareholder

The Issue comprises an Offer for Sale of 2,287,189 Equity Shares by OMSI. The Equity Shares constituting the Offer for Sale have been held by the Selling Shareholder for a period of more than one year prior to the filing of the Draft Red Herring Prospectus with SEBI.

We have sought RBI approval by letter dated September 10, 2007 for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue to residents.

The board of directors of the Selling Shareholder by way of their resolution dated September 7, 2007 have authorised transfer of Equity Shares pursuant to the Offer for Sale.

Notes to the Capital Structure

1. Share Capital History

(a) Equity Share Capital History:

Date of allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
September 27, 2000	20	10	10	Cash	Subscribers to Memorandum	20	200	Nil
November 2, 2000	244,585	10	10	Cash	Allotment to OMSI	244,605	2,446,050	Nil
November 2, 2000	322,553	10	10	Cash	Allotment to OMSI	567,158	5,671,580	Nil
November 16, 2000	166,079	10	10	Cash	Allotment to OMSI	733,237	7,332,370	Nil
November 30, 2000	131,728	10	10	Cash	Allotment to OMSI	864,965	8,649,650	Nil
December 27, 2000	135,035	10	10	Cash	Allotment to OMSI	1,000,000	10,000,000	Nil
July 24, 2006	5,269	10	10	Cash	Allotment pursuant to exercise of vested options by certain employees	1,005,269	10,052,690	Nil
July 24, 2006	1,287,189	10	NA	NA	Conversion of 0% convertible non-cumulative preference shares held by OMSI into Equity Shares	2,292,458	22,924,580	Nil
August 31, 2006	30,000	10	380	Cash	Allotment pursuant to Investment Agreement ⁽¹⁾	2,322,458	23,224,580	11,100,000
December 22, 2006	5,068	10	3,632	Equity shares of ITfinity	Allotment pursuant to agreement with ITfinity ⁽²⁾	2,327,526	23,275,260	29,456,296
January 17, 2007	720,518	10	10	Cash	Allotment pursuant to exercise of vested options by certain employees ⁽³⁾	3,048,044	30,480,440	29,456,296
March 31, 2007	252,163	10	10	Cash	Allotment pursuant to exercise of vested options by certain employees ⁽⁴⁾	3,300,207	33,002,070	29,456,296
June 1, 2007	19,243	10	3,632	Equity shares of ITfinity	Allotment pursuant to agreement with ITfinity ⁽⁵⁾	3,319,450	33,194,500	99,154,442
June 1, 2007	11,754	10	3,632	Equity Shares of ITfinity	Allotment pursuant to agreement with ITfinity ⁽⁶⁾	3,331,204	33,312,040	141,727,430
June 1, 2007	12,676	10	N.A	Conversion	Conversion of optionally convertible preference shares ⁽⁷⁾	3,343,880	33,438,800	141,727,430
July 12, 2007	23,188	10	10	Cash	Allotment	3,367,068	33,670,680	141,727,430

Date of allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
2007					pursuant to exercise of vested options by certain employees ⁽⁸⁾			
August 17, 2007	353,629	10	N.A	Conversion	Conversion of optionally convertible preference shares ⁽⁹⁾	3,720,697	37,206,970	141,727,430
August 18, 2007	44,648,364	10	N.A	Bonus	Bonus Issue in the ratio of 12:1	48,369,061	483,690,610	Nil ⁽¹⁰⁾
September 10, 2007	423,722	10	3,881	Shares of Vox mobili SA	Allotment of shares to the Founders of Vox mobili S.A. ⁽¹¹⁾	48,792,783	487,927,830	122,260,094

- (1) Allotment of 10,000 Equity Shares each to Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments (Mauritius) Limited, pursuant to Investment Agreement.
- (2) Allotment of Equity Shares to Nageswara Rao, Brijesh Gajaria and Vinay Patodia, employees of ITfinitly against acquisition of equity shares of ITfinitly for an amount of Rs. 18,406,976 pursuant to Share Purchase Agreement dated December 22, 2006.
- (3) Includes allotment of 228,000 Equity Shares to Arvind Rao and 176,321 Equity Shares to Chandramouli Janakiraman.
- (4) Includes allotment of 181,309 Equity Shares to Arvind Rao.
- (5) Allotment of 9,621 Equity Shares to Krishna Jha and 9,622 Equity Shares to Hemant Attray pursuant to approval of scheme of amalgamation and arrangement for acquisition of ITfinitly by the order of Karnataka High Court dated March 27, 2007 and order of Bombay High Court dated April 21, 2007.
- (6) Allotment of 5,877 Equity Shares each to Krishna Jha and Hemant Attray, to be kept with the escrow agent. For more details on ITfinitly acquisition and subsequent merger see "History and Certain Corporate Matters – Recent Acquisitions" on page 110.
- (7) Conversion of 6,338 optionally convertible preference shares each into Equity Shares by Krishna Jha and Hemant Attray and kept with the escrow agent. For more details on ITfinitly acquisition and subsequent merger see "History and Certain Corporate Matters – Recent Acquisitions" on page 110.
- (8) Includes 1,500 Equity Shares to Arvind Rao and 500 Equity Shares to Chandramouli Janakiraman.
- (9) Conversion of convertible preference shares to Equity Shares by Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments (Mauritius) Limited pursuant to Investment Agreement.
- (10) Adjusted towards issuance of bonus shares.
- (11) Allotment of 32,594 Equity Shares to Nicolas Frattaroli and Eric Vieilleigne at issue price of Rs. 3,881 and additional 391,128 Equity Shares as bonus shares. Amount of Rs. 3,911,280 reduced from the share premium pursuant to the bonus issue.

(b) *Preference Share Capital History:*

Date of allotment	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative No. of Preference Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
December 27, 2000	239,211	10	10	Cash	Allotment of 0% convertible non-cumulative preference shares to OMSI	239,211	2,392,110	Nil
February 5, 2001	390,921	10	10	Cash	Allotment of 0% convertible non-cumulative preference shares to OMSI	630,132	6,301,320	Nil
February 22, 2001	631,347	10	10	Cash	Allotment of 0% convertible non-cumulative preference shares to OMSI	1,261,479	12,614,790	Nil

Date of allotment	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative No. of Preference Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
August 6, 2001	25,710	10	10	Cash	Allotment of 0% convertible non-cumulative preference shares to OMSI	1,287,189	12,871,890	Nil
July 24, 2006	1,287,189	10	NA	NA	Conversion to Equity Shares	Nil	Nil	Nil
August 31, 2006	115,784	10	3632.44	Cash	Allotment pursuant to Investment Agreement ⁽¹⁾	115,784	1,157,840	419,420,592.96*
September 26, 2006	237,845	10	3632.44	Cash	Allotment pursuant to Investment Agreement ⁽¹⁾	353,629	3,536,290	1,281,000,718*
September 26, 2006	-	-	-	-	Adjustment of share issue expense against securities premium for amount Rs. 80,396,948	-	-	1,200,603,770
June 1, 2007	21,774	10	3,632	Equity shares of ITfinity Solutions Private Limited	Allotment pursuant to agreement with ITfinity ⁽²⁾	375,403	3,754,030	920,953,558
June 1, 2007	(9,098)	10	3,632	Cash	Redemption of optionally convertible preference shares ⁽³⁾	366,305	3,663,050	888,000,602
June 1, 2007	(12,676)	10	N.A	Equity Shares	Conversion of optionally convertible preference shares into Equity Shares ⁽⁴⁾	353,629	3,536,290	888,000,602
July 12, 2007	(353,629)	10	N.A	Equity Shares	Conversion of optionally convertible preference shares into Equity Shares ⁽⁵⁾	Nil	Nil	888,000,602
August 18, 2007	-	-	-	-	Adjustment of bonus issue against securities premium for amount of Rs. 304,665,230	-	-	583,335,372

* Difference in share premium due to rounding off

- (1) Allotment of 124,553 convertible preference shares to Deutsche Bank AG, 114,538 convertible preference shares to Jade Dragon (Mauritius) Limited and 114,538 convertible preference shares to Kings Road Investments (Mauritius) Limited, pursuant to Investment Agreement
- (2) Allotment of 10,887 optionally convertible preference shares each to Krishna Jha and Hemant Attray and adjustment of goodwill amount of Rs. 358,515,640 on amalgamation as approved by High Court of Karnataka and Bombay.

- (3) Redemption of 4,549 optionally convertible preference shares each by Krishna Jha and Hemant Attray by payment of Rs. 3,632 per share in cash.
- (4) Conversion of 6,338 optionally convertible preference shares each into Equity Shares by Krishna Jha and Hemant Attray
- (5) Conversion of convertible preference shares to Equity Shares by Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments (Mauritius) Limited pursuant to Investment Agreement.

Other than as mentioned in the tables above regarding Equity and Preference Share capital history, we have not made any issue of shares during the preceding one year.

2. Promoters' Contribution and Lock-in

(a) Details of Share Capital Locked in for Three Years

All Equity Shares, which are being locked-in are not ineligible for computation of promoters' contribution under Clause 4.6 of the SEBI Guidelines.

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of the 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:

Name	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Allotment	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Percentage of Post-Issue paid-up capital	Lock-in Period (Years)
OnMobile Systems, Inc.	July 12, 2007	Bonus	Bonus	12,002,344	10	N.A.	20.0	3

The lock in has been calculated in accordance with para 15.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000, with reference to the enlarged capital, i.e., 60,011,716 Equity Shares which would arise on exercise of all vested options.

(b) Details of share capital locked in for one year

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-Issue shareholding of the Company, including options vested under our ESOP Plans, held by the Promoters and locked-in for three years, as specified above, other than Equity Shares being part of Offer for Sale in this Issue, our entire pre-Issue equity share capital constituting 34,503,250 Equity Shares will be locked-in for a period of one year from the date of Allotment in this Issue.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, 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 Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of clause 4.16.1(b) of the SEBI Guidelines, 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 the 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 with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that if the securities are locked in as Promoters Contribution, the same may be pledged only if in addition to fulfilling the above conditions, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.

3. Our shareholding pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue, and the Offer for Sale by the Selling Shareholder

	Pre-Issue		Post-Issue	
	No. of shares	%	No. of shares	%
Promoters				
OnMobile Systems, Inc.*	29,733,197	60.94%	27,446,008	47.81
Arvind Rao	5,340,517	10.95%	5,340,517	9.30
Chandramouli Janakiraman	2,233,673	4.58%	2,233,673	3.89
Chandramouli Janakiraman (on behalf of OMSI)	260	0.00%	260	0.00
<i>Sub-Total (A)</i>	<i>37,307,647</i>	<i>76.46%</i>	<i>35,020,458</i>	<i>61.00</i>
Promoter Group				
J Ramesh	16,250	0.03%	16,250	0.03
V Janakiraman	13,000	0.03%	13,000	0.02
J Seetha	16,250	0.03%	16,250	0.03
<i>Sub-Total (B)</i>	<i>45,500</i>	<i>0.09%</i>	<i>45,500</i>	<i>0.08</i>
Investors				
Deutsche Bank AG	1,749,189	3.58%	1,749,189	3.05
Jade Dragon (Mauritius) Limited	1,618,994	3.32%	1,618,994	2.82
Kings Road Investments (Mauritius) Limited	1,618,994	3.32%	1,618,994	2.82
<i>Sub-Total (B)</i>	<i>4,987,177</i>	<i>10.22%</i>	<i>4,987,177</i>	<i>8.69</i>
Others (including Employees) **	6,452,459	13.22%	6,452,459	11.24
Issue to Public (D)	Nil	0	10,900,545	18.99
Total (A+B+C+D)	48,792,783.00	100	57,406,139	100.00

* In addition to the Offer for Sale, OMSI proposes to make a Secondary Sale of up to 2,042,141 Equity Shares. In the event of the Secondary Sale by OMSI, the shareholding of OMSI in our Company will reduce to 25,404,127 Equity Shares aggregating approximately 44% of the post-Issue capital.

** Includes 24,430 Equity Shares issued to Krishna Jha and Hemant Attray which are kept with an escrow agent. For more details on ITfinitly acquisition and subsequent merger see “History and Certain Corporate Matters – Recent Acquisitions” on page 110.

For further details on shares held by Promoters and Promoter Group, please refer to note 1 of Notes to the Capital Structure.

For details on the shareholding of our Directors, see the section titled “Our Management” on page 121. The following directors of our Company hold Equity Shares:

	Pre-Issue No. of shares		Post-Issue No. of shares	
		%		%
Directors				
Arvind Rao	5,340,517	10.95	5,340,517	9.30
Chandramouli Janakiraman	2,233,673	4.58	2,233,673	3.89
Chandramouli Janakiraman (on behalf of OMSI)	260	0.00	260	0.00
Key Managerial Personnel				
Arvind Rao	5,340,517	10.95	5,340,517	9.30
Chandramouli Janakiraman	2,233,933	4.58	2,233,933	3.89
Amit Kumar Dey	466,531	0.96	466,531	0.81
Pratapa P Bernard	421,200	0.86	421,200	0.73
Sandhya Gupta	86,216	0.18	86,216	0.15
Rajiv Kuchal	56,641	0.12	56,641	0.10

Rajesh Moorti	38,324	0.08	38,324	0.07
Rajesh M.V.	36,192	0.07	36,192	0.06
Sidharth Sharma	36,348	0.07	36,348	0.06
Sandeep Ganguly	39,143	0.08	39,143	0.07
Gaurav Johri	-	0.00	-	0.00
Sanjay Bhambri	-	0.00	-	0.00

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 filing this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1	OnMobile Systems Inc.	29,733,197	60.94
2	Arvind Rao	5,340,517	10.95
3	Chandramouli Janakiraman	2,233,673	4.58
4	Deutsche Bank AG	1,749,189	3.58
5	Jade Dragon (Mauritius) Limited	1,618,994	3.32
6	Kings Road Investments (Mauritius) Ltd.	1,618,994	3.32
7	Kiran Anandam Pillai	514,150	1.05
8	Amit Kumar Dey	466,531	0.96
9	Pratapa P Bernard	421,200	0.86
10	Christy George	375,635	0.77

- (b) Our top ten shareholders ten days prior to filing of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1	OnMobile Systems Inc.	29,733,197	60.94
2	Arvind Rao	5,340,517	10.95
3	Chandramouli Janakiraman	2,233,673	4.58
4	Deutsche Bank AG	1,749,189	3.58
5	Jade Dragon (Mauritius) Limited	1,618,994	3.32
6	Kings Road Investments (Mauritius) Ltd.	1,618,994	3.32
7	Kiran Anandam Pillai	514,150	1.05
8	Amit Kumar Dey	466,531	0.96
9	Pratapa P Bernard	421,200	0.86
10	Christy George	375,635	0.77

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

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1	OnMobile Systems, Inc.	999,980	99.99
2	Chandramouli Janakiraman	20*	0.01

* Held on behalf of OMSI

5. Employee stock option plans

We have five employee stock option plans*:

ESOP scheme	Outstanding Options**	Remarks
ESOP Plan I, 2003	1,794,702	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 1,026,000 (Adjusted to 13,338,000 after adjusting for the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at EGM held on

ESOP scheme	Outstanding Options**	Remarks
		November 29, 2003.
ESOP Plan II, 2003	Nil	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 114,000 (adjusted to 1,482,000 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at EGM held on November 29, 2003.
ESOP Plan III, 2006	774,371	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 61,567 (adjusted to 774,371 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at AGM held on July 24, 2006.
ESOP Plan I, 2007	975,000	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 975,000. The plan was approved by the shareholders of our Company at AGM held on August 17, 2007. No grants have been made under this plan.
ESOP Plan II, 2007	74,360	Adopted for the benefit of employees eligible under the plan. The total options earmarked were 5,720 (Adjusted to 74,360 after the Bonus issue on August 17, 2007). The plan was approved by the shareholders of our Company at AGM held on August 17, 2007. No grants have been made under this plan.

Note: Arvind Rao and Chandramoulli Janakiraman, our Promoters do not hold any outstanding stock options under any of the ESOP Plans.

* There would be no further grant of options under ESOP Plan I, 2003, ESOP Plan II, 2003 and ESOP Plan III, 2006. All options granted after August 2, 2007 will be granted under ESOP Plan I 2007 and ESOP Plan II 2007. ESOP Plan I 2007 and ESOP Plan II 2007 are in compliance with the SEBI ESOP Guidelines.

**Excludes options forfeited and unissued

(a) ESOP Plan I, 2003

Particulars	Details															
Options granted ⁽¹⁾	13,830,154															
Exercise price of options																
	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>No. of options granted</th> <th>Exercise Price (In Rs. per option)</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>9,706,645</td> <td>10</td> </tr> <tr> <td>2006</td> <td>3,052,595</td> <td>10</td> </tr> <tr> <td>2007</td> <td>642,915</td> <td>10</td> </tr> <tr> <td>2008</td> <td>427,999</td> <td>10</td> </tr> </tbody> </table>	Fiscal Year	No. of options granted	Exercise Price (In Rs. per option)	2004	9,706,645	10	2006	3,052,595	10	2007	642,915	10	2008	427,999	10
Fiscal Year	No. of options granted	Exercise Price (In Rs. per option)														
2004	9,706,645	10														
2006	3,052,595	10														
2007	642,915	10														
2008	427,999	10														
Total options vested (including options exercised)	11,715,002															
Options exercised	11,532,794															
Total number of equity shares arising as a result of full exercise of options already granted	11,532,794															
Options forfeited/ lapsed/ cancelled	502,658															
Variations in terms of options	Nil															
Money realised by exercise of options	115,327,940															
Options outstanding (in force)	1,794,702 (includes 182,208 Vested and Unexercised)															
Person wise details of options granted to																
i) Directors and key managerial employees ⁽²⁾	7,978,230															
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	<table border="1"> <thead> <tr> <th colspan="3">Fiscal 2003:</th> </tr> <tr> <th>Name of employee</th> <th>No. of options granted</th> <th>% of options granted</th> </tr> </thead> <tbody> <tr> <td>Arvind Rao</td> <td>2,964,000</td> <td>30.54%</td> </tr> <tr> <td>Chandramouli Janakiraman</td> <td>2,132,325</td> <td>21.97%</td> </tr> <tr> <td>Kiran Anandampillai</td> <td>546,000</td> <td>5.63 %</td> </tr> </tbody> </table>	Fiscal 2003:			Name of employee	No. of options granted	% of options granted	Arvind Rao	2,964,000	30.54%	Chandramouli Janakiraman	2,132,325	21.97%	Kiran Anandampillai	546,000	5.63 %
Fiscal 2003:																
Name of employee	No. of options granted	% of options granted														
Arvind Rao	2,964,000	30.54%														
Chandramouli Janakiraman	2,132,325	21.97%														
Kiran Anandampillai	546,000	5.63 %														

Particulars	Details		
	Fiscal 2006:		
	Name of employee	No. of options granted	% of options granted
	Arvind Rao	875,017	28.66%
	Fiscal 2007:		
	Name of employee	No. of options granted	% of options granted
	Rajiv Kuchhal	195,000	30.33%
	Rajesh Moorti	123,500	19.21%
	Fiscal 2008:		
	Name of employee	No. of options granted	% of options granted
	Rajesh Moorti	32,760	7.65%
	Rajesh MV	22,750	5.32%
	Sidharth Sharma	26,000	6.07%
	Sumit Sardana	38,675	9.04%
	Biswajit Nandi	45,500	10.63%
	Sandeep Ganguly	65,000	15.19%
iii)	Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Fiscal 2003:	
		Name of employee	No. of options granted
		Arvind Rao	2,964,000
		Chandramouli Janakiraman	2,132,325
		Kiran Anandampillai	546,000
		Amit Kumar Dey	421,200
		Pratapa P Bernard	421,200
		Raghavendra Varma	373,880
		Christy George	357,500
		Fiscal 2006:	
		Name of employee	No. of options granted
		Arvind Rao	875,017
			2.94%
Fully diluted EPS on a pre-issue basis (for period ended June 30, 2007)	2		
Vesting schedule	<p>A. In case of the options granted for the first time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of joining.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month (from the date of joining) at a rate of 1/36th per month for the next 36 months of the vesting period.</p> <p>B. In case of the options granted to an Optionee for a second or subsequent time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of grant of the options.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month after the date of grant of the options at a rate of 1/36th per month for the next 36 months of the vesting period.</p>		
Lock-in	None		
Impact on profits and EPS of the last three years	Nil		
⁽¹⁾ Includes 502,658 forfeited options which have been re-granted and excludes 10,514 (adjusted after the Bonus issue on August 17, 2007) forfeited options which have not been re-granted.			
⁽²⁾ Details regarding options granted to our Directors and our key managerial employees (subsequent to adjustment for Bonus issue) are set forth below:			
Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Arvind Rao	3,858,517	3,858,517	Nil

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Chandramouli Janakiraman	2,298,673	2,298,673	Nil
Amit Kumar Dey	557,050	466,531	90,519
Pratapa P. Bernard	426,920	421,200	5,720
Rajiv Kuchal	195,000	56,641	138,359
Sandhya Gupta	151,060	86,216	64,844
Rajesh Moorti	156,260	38,324	117,936
Rajesh M.V.	78,000	36,192	41,808
Sidharth Sharma	84,500	36,348	48,152
Sandeep Ganguly	130,000	39,143	90,857
Gaurav Johri	22,750	Nil	22,750
Sanjay Bhambri	19,500	Nil	19,500

(b) **ESOP Plan II, 2003**

Particulars	Details		
Options granted	1,482,000		
Exercise price of options			
	Fiscal Year	No. of options granted	Exercise Price (Rs.)
	2006	1,482,000	10
Total options vested (includes options exercised)	1,482,000		
Options exercised	1,482,000		
Total number of equity shares arising as a result of full exercise of options already granted	Nil		
Options forfeited/ lapsed/ cancelled	Nil		
Variations in terms of options	1,482,000		
Money realised by exercise of options	Nil		
Options outstanding (in force)	1,482,000		
Person wise details of options granted to			
i) Directors and key managerial personnel*	1,482,000		
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil		
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Name of employee	No. of options granted	% of options granted
	Arvind Rao	1,482,000	4.98%
Fully diluted EPS on a pre-issue basis (for period ended June 30, 2007)	2.0		
Vesting schedule	<p>A. In case of the options granted for the first time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of joining.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month (from the date of joining) at a rate of 1/36th per month for the next 36 months of the vesting period.</p> <p>B. In case of the options granted to an Optionee for a second or subsequent time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of grant of the options.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month after the date of grant of the options at a rate of 1/36th per month for the next 36 months of the vesting period.</p>		
Lock-in	None		
Impact on profits and EPS of the last three years	Nil		

* Details regarding options granted to our Directors and our key managerial employees (subsequent to Bonus adjustment under ESOP Plan II, 2003) are set forth below:

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Arvind Rao	1,482,000	1,482,000	Nil

(c) **ESOP Plan III, 2006**

Particulars	Details									
Options granted	774,371									
Exercise price of options										
	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>No. of options granted</th> <th>Exercise Price (Rs. Per option)</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>130,000</td> <td>2,735</td> </tr> <tr> <td>2008</td> <td>644,371</td> <td>3,400</td> </tr> </tbody> </table>	Fiscal Year	No. of options granted	Exercise Price (Rs. Per option)	2008	130,000	2,735	2008	644,371	3,400
Fiscal Year	No. of options granted	Exercise Price (Rs. Per option)								
2008	130,000	2,735								
2008	644,371	3,400								
Total options vested (includes options exercised)	35,204									
Options exercised	Nil									
Total number of equity shares arising as a result of full exercise of options already granted	Nil									
Options forfeited/ lapsed/ cancelled	Nil									
Variations in terms of options	Nil									
Money realised by exercise of options	Nil									
Options outstanding (in force)	12,000 (includes 3,000 vested and unexercised)									
Person wise details of options granted to										
i) Directors and key managerial personnel*	12,000									
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil									
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil									
Fully diluted EPS on a pre-issue basis (for period ended June 30, 2007)	2.0									
Vesting schedule	<p>A. In case of the options granted for the first time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of joining.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month (from the date of joining) at a rate of 1/36th per month for the next 36 months of the vesting period.</p> <p>B. In case of the options granted to an Optionee for a second or subsequent time:</p> <p>i. 25% of the aggregate options granted to the Optionee shall vest at the end of 12 months from the date of grant of the options.</p> <p>ii. the remaining 75% of the aggregate Options shall vest from the 13th month after the date of grant of the options at a rate of 1/36th per month for the next 36 months of the vesting period.</p>									
Lock-in	None									
Impact on profits and EPS of the last three years	For fiscals 2007, 2006 and 2005 – Nil For period ended June 30, 2007 – Rs. 0.16 million									

* Details regarding options granted to our Directors and our key managerial employees are set forth below: (subsequent to adjustment for Bonus issue under ESOP Plan III, 2006)

Name of director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding (includes vested and unvested)
Sridar A Iyengar	26,000	Nil	26,000
Prof Jayanth R Varma	26,000	Nil	26,000
Naresh Malhotra	26,000	Nil	26,000
Vikram Kirloskar	26,000	Nil	26,000
HH Haight	26,000	Nil	26,000
Sanjay Bhambri	20,800	Nil	20,800

Our directors and the key management personnel who have been granted options and Equity Shares on the exercise of the options pursuant to the ESOP Plans have confirmed to us that they do not intend to sell any shares arising from such options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell equity shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

6. It is proposed that OMSI sell up to 2,042,141 Equity Shares of the Company, prior to filing of the Red Herring Prospectus with SEBI by the Company (the “**Secondary Sale**”). The price per Equity Share to be sold in the Secondary Sale is expected to be finalised after determination of the Issue Price of the Equity Shares as part of the Issue. OMSI has engaged Deutsche Bank AG, Hong Kong, an affiliate of Deutsche Equities India Private Limited (a BRLM), as the sole lead arranger in connection with the Secondary Sale. All investors acquiring Equity Shares through the Secondary Sale from OMSI will be subject to the statutory lock-in of one year for the date of Allotment in the Issue, under clause 4.14.1 of the DIP Guidelines.
7. Our Company, the Promoters, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
8. In case of over-subscription in the Issue, at least 60% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less 30% 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. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholder in consultation with the BRLMs. For more information, please refer to “Issue Procedure – Basis of Allotment” on page 296.
8. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholder in consultation with the BRLMs.
9. Except allotment of equity shares pursuant to the bonus issue and allotment of equity shares pursuant to exercise of stock option under the ESOPs, the Directors, the Promoters, the Promoter Group or directors of the Promoters 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. An investor 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. Except as disclosed in this Draft Red Herring Prospectus, 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, the total number of holders of Equity Shares was 271, excluding holders of the options outstanding.
14. We have not raised any bridge loans against the proceeds of the Issue.
15. Except 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 except for the bonus equity shares issued out of free reserves.
16. Other than options granted under the ESOP Plans as detailed in the note above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.
17. The Equity Shares held by the Promoters are not subject to any pledge.
18. 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.
19. 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 to our employees under our ESOP Plans. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for such acquisitions or joint ventures and we may enter into or may raise additional capital to fund accelerated growth.
20. Our Promoter and members of our Promoter Group will not participate in this Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are to:

- purchase equipment for our Company's offices at Bangalore, Mumbai and Delhi and various customer sites;
- meet working capital requirements;
- repayment of loan;
- fund expenditure for general corporate purposes; and
- achieve the benefits of listing

The main object clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake the existing activities and the activities for which funds are being raised through this Issue.

The Issue consists of a Fresh Issue of 8,613,356 Equity Shares and an Offer for Sale of 2,287,189 Equity Shares by the Selling Shareholder. The Company will not receive any proceeds from the Offer for Sale.

Expenses relating to the Issue, including underwriting and management fees, selling commission and other expenses will be borne by our Company and the Selling Shareholder in proportion to the Equity Shares contributed to the Issue.

We intend to utilise the proceeds of the Fresh Issue, after deducting our share of the underwriting and management fees, selling commissions and other expenses associated with the Issue which is estimated at Rs. [●] ("Net Proceeds") for financing the above mentioned objects.

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

<i>(In Rs. Million)</i>					
S. No.	Expenditure Items	Total cost to be financed from the Net Proceeds (in Rs. Million)	Estimated Net Proceeds utilisation as on March 31,		
			2009	2010	2011
1.	Purchase equipment for our offices at Bangalore, Mumbai and Delhi and various customer sites	1,805.21	555.21	600	650
2.	Working capital requirements	100	100	-	-
3.	Repayment of loan	300	300	-	-
4.	General corporate purposes	[●]	[●]	[●]	[●]
	Total	[●]	[●]	[●]	[●]

Our Company has not incurred any expenditure in relation to the above stated objects.

Our Company's funding requirement and deployment are based on internal management estimates, vendor quotations and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances, or costs or changes in our financial condition, business or strategy. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and debt.

Our Company operates in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that it may pursue including any potential acquisition opportunities. Consequently, our Company's funding requirements may also change accordingly. Any such change in our Company's plans may require rescheduling of its expenditure programs, at the discretion of our management. In case of any shortfall or cost overruns, our Company intends to meet our estimated expenditure from the internal accruals and debt.

Details of the Objects

Purchase equipment for our offices at Bangalore, Mumbai and Delhi and various customer sites

In order to develop and launch innovative applications to further penetrate our existing customer base as well as new markets, we continuously need to develop new services, such as our mobile commerce and mobile marketing and media solutions portfolio. In order to achieve these strategy we need to expand our capacity by training and retaining highly skilled application development engineers and technical personnel, business development experts and well-qualified and experienced senior management and sales team members, and by purchasing equipment for the such personnel..

We currently operate from the following facilities/ offices in India:

Location	Primary Purpose	Area (in square feet)	Lease Expiration Date
JP Nagar III Phase, Bangalore	Administration and support services	13,535	January 31, 2012
Andheri, Mumbai	Mobile Data Products	3,700	August 13, 2011
Nariman Point, Mumbai	Sales	1,570	June 30, 2009
Bhikaji Cama Place, Delhi	Sales	1,481	August 31, 2008

In addition one of our proposed offices is currently under construction located at Begur Hobli, admeasuring 76,523 square feet which has been taken on a lease basis till July 30, 2012. We have also executed two lease agreements for our proposed offices, one in Andheri (East) admeasuring 2,450 square feet with a lease period till August 20, 2008 and another one in Gurgaon, Haryana admeasuring 1,559 square feet with a lease period till August 27, 2010.

We estimate to incur a total expenditure of approximately Rs. 1,800 million towards purchase of new equipment which includes costs for procurement of hardware and the software to be installed. The estimates for the aforesaid costs are based on quotations received from Digicom Systems (Bir) Private Limited dated September 5, 2007, Dell India Private Limited dated September 5, 2007 and HCOM Pte. Ltd. dated September 4, 2007.

The details of costs of the hardware and software required for setting up the offices are:

Description of Items	Quantity	Price (in Rs. million)
HP Compaq Proliant BL 460C Blade servers	1,616	357.72
HP Compaq Proliant Blade Enclosures	101	49.61
42U Closed Rack 19" 600w /1000d with	325	40.48
HP Laptop 6715S with Vista	600	22.78
Dlink 24 port keystone patch panel	1,154	5.13
Tyco 15mts MRJ-21 Patch chord with connector	1,750	25.63
Tyco 7mts MRJ-21 Patch chord with connector	80	0.971
TX 4000/20/4-Links/Full Stack	1,000	62.28
CG 6565/32-2L/8TE, Media Resource Board	1,950	182.52
Software for TX 4000/20/4-Links/Full Stack	1,000	145.20
Natural Access Software for CG 6565-8E1	1,950	425.88
6 connector H.100 cable 5"	800	1.60
AL-D430V –Dell Latitude D430 (vista)	1,500	153.69
AO-745cMTV –Dell OptiPlex 745c Minitower (vista)	6,000	331.72
TOTAL		1,805.21

Working capital requirements

Our existing working capital requirements and the funding for the same is as follows:

Particulars	March 31, 2007	June 30, 2007	March 31, 2008
	Audited	Audited	Estimates
Total Current Assets	1176.62	1468.22	910.0*

Other Current liabilities (other than bank borrowing)	692.54	873.81	510.0*
Working Capital Gap	484.07	594.41	400.0
Less: Bank Finance**	0	0	300
Requirement	484.07	594.41	100
Approximately			100

* Advance Tax and Income Tax provision are netted off against each other

** The company has been sanctioned a working capital loan of Rs 300 million from Kotak Mahindra Bank to meet the working capital requirements @ interest rate of 10.75% p.a. The facility has been secured by way of a First pari passu charge on all the existing and future movable Fixed Assets and Current Assets of the borrower in favour of the bank. For further details see "Financial Indebtedness" on page 252.

Assumptions for Working Capital Requirements

Particulars	Number of days outstanding
Sundry Debtors	Previous quarter sales
Other Current Assets	-
Current Liabilities	90 days

Repayment of Loan

We have obtained a sanction letter dated August 7, 2007 whereby Kotak Mahindra Bank has sanctioned various facilities such as term loan, working capital demand loan, cash credit, bank guarantee, letter of credit (inland and foreign) for capital expenditure. Pursuant to the sanction letter, our Company entered into a Master Facility Agreement dated August 27, 2007 and a supplemental agreement thereto dated September 5, 2007 for availing working capital demand loan and term loan.

Our Company vide letter dated September 5, 2007 issued to Kotak Mahindra Bank requested for a draw down of an amount of Rs. 300 million as working capital demand loan repayable in six equal installments payable between 65 to 90 days.

We propose to deploy the entire amount of Rs. 300 million during Fiscal 2008. The details of the loan that we propose to repay are as set forth below:

S. No.	Name of the Lender	Purpose of the loan	Date of the Sanction Letter and the Master Facility Agreement	Proposed Repayment during Fiscal 2008 (Rs. Million)
1.	Kotak Mahindra Bank Limited	Working capital	August 7, 2007 and August 27, 2007, amended on September 5, 2007, respectively	300

For details see "Financial Indebtedness" on page 252.

General Corporate Purposes

Our Company, in accordance with the policies set up by the Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards acquisitions of companies in India or abroad, expansion of existing or new office facilities and strategic initiatives.

The management of our Company, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our Company's funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilisation of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, the management may explore a range of options including utilising our internal accruals or seeking debt from future lenders. The management expects that such alternate arrangements would be available to fund any such shortfall.

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 Issue expenses, except the

listing fee, shall be shared between our Company and the Selling Shareholder in the proportion to the number of shares sold to the public as part of the Issue. The listing fees will be paid by our Company.

The estimated Issue expenses are as follows:

Activity	Expenses* (Rs. in million)	% of Issue size	% of Issue expenses
Lead management fee and underwriting commissions	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Registrar's fee, legal fee, IPO Grading fee etc.)	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]

* Will be incorporated after finalisation of the Issue Price

Interim use of funds

Pending utilisation for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration. The Net Proceeds will not be invested in equity capital markets. The management, in accordance with the policies established by the Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Monitoring Utilisation of Funds

The Board or a committee of the Board will monitor the utilisation of the Net Proceeds. Our Company will disclose the details of the utilisation of the Net Proceeds, including interim use, under a separate head in the financial statements of our Company for fiscal 2008, fiscal 2009 and fiscal 2010, specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

Except for proceeds from the Offer for Sale by the Selling Shareholder, no part of the proceeds from the Issue will be paid by our Company as consideration to the Promoters, the Directors, the Promoter Group and key managerial employees, except in the normal course of business. The Proceeds of the Offer for sale less the Issue Expenses will accrue to the Selling Shareholders.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs and the Selling Shareholder on the basis of assessment of market demand for the issued/offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe that the following business strengths allow us to compete successfully in the mobile VAS industry:

- Significant market share in India's fast growing telecommunications value added services market;
- Deep and long-term customer relationships and breadth and depth of our products and services;
- Proven track record of operational expertise in bringing innovative and commercial products to market, and an established base of operational telecommunication products and solutions;
- Technological entry barriers such as reluctance of telecom operators to open up their network to new entrants with no demonstrable track record, billing integration with customers, in-network deployed equipment on customer sites; and
- Experienced management and core engineering teams.

Quantitative Factors

1. Earning Per Share (EPS)* (Of face value of Rs.10 each)

Year	Basic EPS (Rs)	Diluted EPS (Rs)	Weight
FY 2005	11	5	1
FY 2006	19	7	2
FY 2007	13	7	3
Weighted Average	14.7	6.7	

* EPS has been calculated as the ratio of Consolidated Net Profit attributable to Equity Shareholders as restated and the weighted average number of equity shares outstanding during the year.

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

- Based on basic EPS for the 12 months ended March 31, 2007, the P/E ratio is [•].
- Based on the basic EPS for the 12 months ended March 31, 2006, the P/E ratio is [•].
- Based on the basic EPS for the 12 months ended March 31, 2005, the P/E ratio is [•].

3. Return on Net Worth (RoNW)

Year	RoNW (%)	Weight
FY 2005	71%	1
FY 2006	56%	2
FY 2007	17%	3
Weighted Average	39%	

*RoNW has been calculated as the ratio of Net profit after tax as restated to Net Worth excluding revaluation reserve at the end of the year, where:

- Net Profit after tax is the Net Profit after tax and preference dividend (as per the consolidated restated financials) attributable to the equity shareholders; and
- Net worth is the equity shareholders fund (Net worth as per consolidated restated financials, minus, minority interest).

4. Minimum return on increased Net Worth required to maintain pre-Issue consolidated EPS of Rs. [•] is [•].

5. Net Asset Value per Equity Share

Period	NAV per share (Rs)#
As on March 31, 2005	185
As on March 31, 2006	433
As on March 31, 2007	613

As per consolidated restated financials

6. Comparison of Accounting Ratios with industry peers

The Company is in the business of providing telecommunications value added services. There are no comparable listed companies in India. Hence, comparison with industry peers is not applicable.

7. The face value of Equity Shares of the Company is Rs.10 and the Issue Price is [•] times of the Face Value

The Issue Price of Rs. [•] has been determined by the Company in consultation with the Selling Shareholder and BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors. The BRLMs believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page xi and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on page 143 to have a more informed view.

STATEMENT OF TAX BENEFITS

September 6, 2007

The Board of Directors
OnMobile Global Limited
26, Bannerghatta Road,
JP Nagar, 3rd Phase,
Bangalore

Dear Sirs,

Re: Opinion on possible Direct Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to OnMobile Global Limited (formerly Onmobile Asia Pacific Private Limited (the “Company”) and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the 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 tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

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

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to OnMobile Global Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.: 84494

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO ONMOBILE GLOBAL LIMITED AND TO ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

I. BENEFITS AVAILABLE TO THE COMPANY

OnMobile Global Limited (herein referred to as 'OGL') is an Indian Company, subject to tax in India. OGL is taxable on its profits. Profits are computed after allowing all reasonable business expenditure including depreciation. Up to Financial Year 2005-06 OGL has not claimed any special tax holiday benefits.

Considering the activities and the business of OGL, the following benefits may be available to OGL.

- 1 The benefit of claiming weighted deduction of 150% of the operating and capital expenses (except land and building) incurred on Research and Development is available under Section 35(2AB), if the Company complies with the procedures required for obtaining such benefits and obtaining of approval from the Department of Industrial and Scientific Research (DSIR).
- 2 Section 10A claim - The Company has the option to obtain a deduction of the profits and gains as are derived from the export of articles or things or computer software.

The above benefits are subject to OGL satisfying the conditions required under the Act.

- 3 The company will be entitled to amortize preliminary expenses being the expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the Act, subject to the limit specified in section 35D(3).
- 4 In case the income tax payable under the normal provisions of the IT Act is less than 10% of the book profits of the Company, then such book profit would be deemed to be the total income of the Company for that year and minimum alternate tax (MAT) payable on such total income would be at the rate of 10% plus applicable surcharge and education cess.
- 5 Under section 115JAA(1A) of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.

Dividend Income

- 1 Under Section 10 (33) of the Income tax Act, 1961, any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule 1 to the Unit Trust of India (Transfer of undertaking and Repeal) Act, 2002 (58 of 2002) and where the transfer of such asset takes place on or after the 1st day of April 2002 is exempt.
- 2 As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income-tax.
- 3 As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of such units by the unit holder.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a Company as referred to in section 2(h) of the said Act.

Capital Gains

- 1 As per section 10(38) of the Act, Long term capital gains arising to the company on transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax.

For this purpose, “Equity Oriented Fund” means a fund –

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

The Long Term Capital gains exempt under section 10(38) would be liable to book profit tax under section 115JB of the Act.

- 2 As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

“Long term specified asset” for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

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

The investment in the Long Term Specified Asset made by the Company on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

- 3 As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). 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.

- Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year.
- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years’ long-term capital gains.

- 4 Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the Company arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the company, in respect of

Long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.

5. In case any part of the business of the Company consists of purchase and sale of shares of other companies, then provisions of the explanation to Section 73 may be attracted.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax in the hands of shareholder.
2. As per the provisions of section 10 (38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on recognized stock exchange of India and is liable to securities transaction tax.
3. As per the provisions of Section 111A of the IT Act, short-term capital gains from the sale of an equity share of the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
4. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the shareholder arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after indexing the cost of acquisition, cost of improvement and Long Term Capital Gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect of long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.
5. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, 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 into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

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 for any assessment year beginning on or after 1 April, 2006.

6. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt 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 if the sale proceeds 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.

7. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share of a company entered into in a recognized stock exchange, i.e., from taxable securities transaction, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount on account of securities transaction tax.
8. Where the resident shareholder is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, then provisions of Explanation to section 73 may be attracted.

III. BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax and are not subjected to any deduction of tax at source.
2. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.
3. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the company acquired in convertible foreign exchange (as per exchange control regulations) 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 same foreign currency which was utilized in the purchase of shares.
4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, 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 into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees

The cost of 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 for any assessment year beginning on or after 1 April, 2006.

5. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt 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 if the sale proceeds from such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
6. Under Section 111A of the IT Act, short-term capital gains arising from sale of an equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
7. Under Second Proviso to Section 48 of the Income Tax Act, 1961, the long term capital gains of the shareholder arising on transfer of capital assets other than shares in or debentures of an Indian company referred to in the First Proviso will be computed after indexing the cost of acquisition, cost of improvement and Long term capital gains would be charged at a rate of 20% as per Section 112 of the Income Tax Act plus applicable surcharge and education cess. Alternatively, at the option of the shareholder, in respect of Long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% plus applicable surcharge and education cess.
8. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.
9. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. As such, no deduction will be allowed in computing the income chargeable to tax as capital Gains, such amount paid on account of securities transaction tax.
10. 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:
 - a. As per the provisions of section 115E of the Income Tax Act, 1961, and subject to the conditions specified therein, long-term capital Gains arising on the transfer of Company's shares will be charged to Income Tax @ 10% (plus applicable surcharge and education cess).
 - b. Under Section 115F of the IT Act, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets, as defined in section 115C of the IT Act / saving certificates referred to in clause 10(4B) of the Act, within 6 months of the date of transfer. Where only a 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/ saving certificates are transferred or converted within 3 years from the date of their acquisition.
 - c. Under Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if the only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII – B of the IT Act.

- d. Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

IV. BENEFITS AVAILABLE TO MUTUAL FUNDS

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

V. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-0 of the IT Act) would be exempt from tax in the hands of the shareholders of the Company and are not subjected to deduction of tax at source.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares of 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 securities transaction tax.
3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein. Long-term capital gains (which are not exempt under section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, 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 into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees

4. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. He shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. As such, no deduction will be allowed in computing the income chargeable to tax as capital Gains, such amount paid on account of securities transaction tax.
5. Where the Foreign Institutional investor is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, then provisions of Explanation to Section 73 may be attracted.
6. As per the provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in section 115O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to section 115AB of the IT Act) would be taxed at concessional rates, as follows:

Nature of income

Rate of tax (%)

Income in respect of securities	20
Long term capital gains	10
Short term capital gains (Other than short term capital gain referred to in Section 111A)	30

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

As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is liable to securities transaction tax.

- As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

VI. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

As per section 10(23FB) of the Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund will shall be chargeable to tax in the hands of such person.

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 of the Company held by the shareholders would not be liable to wealth tax.

UNDER THE GIFT- TAX ACT

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

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. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
- Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.
- 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.

- e. In respect on non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
- f. The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2007.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of OnMobile Global Limited. Deloitte Haskins & Sells, India shall not be liable to OnMobile Global Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

TAXATION

U.S. Federal Income Taxation

TO COMPLY WITH U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY US OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion describes certain material U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the Equity Shares. This summary applies only to U.S. Holders that hold the Equity Shares as capital assets and that have the U.S. Dollar as their functional currency. This discussion is based on the tax laws of the United States in effect as of the date of this prospectus and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker dealers;
- non-U.S. Holders (as defined below);
- U.S. expatriates;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for the alternative minimum tax;
- persons holding Equity Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding Equity Shares through partnerships or other pass-through entities.

In particular, it is noted that we are a “controlled foreign corporation,” or CFC, for U.S. federal income tax purposes for our current taxable year ending on March 31, 2008, and therefore, if you are a U.S. Holder owning 10% or more of our voting stock directly, indirectly and/or under applicable attribution rules, the U.S. federal income tax consequences to you of owning our Equity Shares may be significantly different from those described below in several respects. If you own 10% or more of our voting stock directly, indirectly and/or under applicable attribution rules, you should consult your tax advisor regarding the U.S. federal income tax consequences of your investment in our Equity Shares.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

As used in this discussion, a “U.S. Holder” is any beneficial owner of Equity Shares who is treated for U.S. federal income tax purposes as:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A “non-U.S. Holder” is any beneficial owner of Equity Shares who is not a U.S. Holder for U.S. federal income tax purposes.

If you are a partner in a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) that holds Equity Shares, your tax treatment will generally depend on your status and the activities of the partnership.

Taxation of Dividends and Other Distributions on the Equity Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of distributions made by us to you with respect to the Equity Shares (including the amount of any taxes withheld therefrom), other than certain *pro rata* distributions of Equity Shares or rights to acquire Equity Shares, will generally be includable in your gross income in the year received as foreign source dividend income, but only to the extent that the distributions are paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent, if any, that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, we do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders) for taxable years beginning before January 1, 2011, dividends will generally be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, (2) certain holding period requirements are met, and (3) we are eligible for the benefits of the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. Non-corporate U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our Equity Shares.

The amount of any distribution paid in Rupees will be equal to the U.S. Dollar value of such Rupees on the date such distribution is received by you, regardless of whether the payment is in fact converted into U.S. Dollars at that time. Gain or loss, if any, realized on the sale or other disposition of such Rupees will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will generally be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally

applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to Equity Shares will generally constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.” A U.S. Holder will not be able to claim a U.S. foreign tax credit for any Indian taxes for which we are liable and must pay as a result of any distribution on Equity Shares. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.

Taxation of Dispositions of Equity Shares

Subject to the passive foreign investment company rules discussed below, you will generally recognize taxable gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the amount realized (in U.S. Dollars) for the Equity Share and your tax basis (in U.S. Dollars) in the Equity Share. Your tax basis in the Equity Share will generally equal the U.S. Dollar value of the cost of such Equity Share. The gain or loss will generally be capital gain or loss. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, the gain on a disposition of the Equity Share will generally be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because capital gains on a disposition of an Equity Share will generally be treated as U.S. source gain, as a result of the U.S. foreign tax credit limitation, any Indian income tax imposed upon capital gains in respect of Equity Shares may not be currently creditable. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their U.S. federal income tax liability.

Passive Foreign Investment Company

A non-U.S. corporation is considered to be a “passive foreign investment company,” or PFIC, for any taxable year if either:

- under the PFIC income test, at least 75% of its gross income is passive income, or
- under the PFIC asset test, at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Based on our current and anticipated operations and the composition of our assets, we do not expect to be a PFIC in our future taxable years, although we can make no assurances in this regard. However, it is possible that we will be a PFIC in our current taxable year ending on March 31, 2008, which could result in adverse U.S. federal income tax consequences to U.S. Holders, although we do not expect to be a PFIC for our current taxable year if we make a certain election for U.S. federal income tax purposes in connection with our acquisition of Vox mobili. The application of the PFIC asset test in respect of our current taxable year is uncertain because we currently are a CFC and the application of the PFIC asset test to a CFC in respect of its taxable year in which it becomes publicly traded after its first quarter is not clear.

If a CFC is a “publicly traded corporation” for the taxable year, the PFIC asset test is applied based on the value of its assets. Otherwise, the PFIC asset test for a CFC is applied based on the adjusted tax bases of its assets as determined for the purposes of computing earnings and profits under U.S. federal income tax principles. In both cases, the determination is made on the basis of a quarterly average. It is not clear, however, how the PFIC asset test should be applied to a CFC in respect of its taxable year in which it becomes a publicly traded corporation after the first quarter. We will be a CFC for our current taxable year ending on March 31, 2008, and while it is not free from doubt because the definition of “publicly traded” for purposes of the PFIC asset test is not clear in our context, we expect to become a publicly traded corporation sometime during our third quarter. As a result, it is not clear how the PFIC asset test will apply to us in respect of our current taxable year. If the PFIC asset test must be applied entirely based on the adjusted tax bases of our assets during our current taxable year (the least favorable interpretation of the

PFIC asset test), it is possible that we will be a PFIC in respect of our current taxable year, although we do not expect to be a PFIC for our current taxable year if we make a certain election for U.S. federal income tax purposes in connection with our acquisition of Vox mobili. However, if a more favorable interpretation of the PFIC asset test can be applied (for example, if the value of our assets can be used for this purpose for at least the quarters during which our Equity Shares are publicly traded), we believe that we would not be a PFIC in respect of our current taxable year.

It may be reasonable for U.S. Holders to adopt a more favorable interpretation of the PFIC asset test for purposes of determining and reporting the U.S. federal income tax consequences of their investment in the Equity Shares, although U.S. Holders should consult their own tax advisors regarding the reasonableness of this position. U.S. Holders also should note that the U.S. Internal Revenue Service, or IRS, could seek to apply the least favorable interpretation of the PFIC asset test.

If we are a PFIC for any taxable year during which you hold Equity Shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make an applicable election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If we are a PFIC, to the extent any of our subsidiaries are also PFICs, you may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the Equity Shares you own so bears to the value of all of our Equity Shares, and may be subject to the adverse tax consequences described above with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisor regarding the application of the PFIC rules to any of our subsidiaries.

A U.S. Holder of marketable stock (as defined below) in a PFIC may make a “mark-to-market” election with respect to such stock to elect out of the tax treatment discussed above. If you make a valid mark-to-market election with respect to your Equity Shares, you will include in gross income for a taxable year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of such taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by us, except that the lower applicable capital gains rate with respect to qualified dividend income discussed above under “—Taxation of Dividends and Other Distributions on the Equity Shares” generally would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. We expect that the Equity Shares will be listed on the BSE and NSE. Under applicable U.S. Treasury regulations, a “qualified exchange” includes a

foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. Because a mark-to-market election cannot be made for equity interests in lower-tier PFICs that we own, a U.S. Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as equity interests in a PFIC for U.S. federal income tax purposes. U.S. Holders of Equity Shares should consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year (i) as ordinary income, such holder’s *pro rata* share of our ordinary earnings for the taxable year, and (ii) as long-term capital gain, such holder’s *pro rata* share of our net capital gain for the taxable year. However, the qualified electing fund election is available only if the corporation provides U.S. Holders with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We will determine our PFIC status for our current taxable year promptly after the end of our current taxable year and, if we determine that we are (or are likely to be) a PFIC, we will use reasonable efforts to provide you information that will enable you to make a qualified electing fund election.

If we are a PFIC for any year during which you hold Equity Shares, we will generally continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares. However, if we cease to be a PFIC, you may avoid some of the adverse effects of the PFIC regime by making a “deemed sale” election with respect to the Equity Shares, as applicable. If you make this deemed sale election, you will be deemed to have sold, at fair market value, your Equity Shares (and shares of our PFIC subsidiaries, if any, that you are deemed to own) on the last day of the last taxable year in respect of which we were a PFIC. You generally would be subject to the unfavorable PFIC rules described above in respect of any gain realized on such deemed sale, but as long as we are not a PFIC in future years, you would not be subject to the PFIC rules in those future years.

If you hold Equity Shares in any year in which we are a PFIC, you will be required to file IRS Form 8621 regarding distributions received on the Equity Shares and any gain realized on the disposition of the Equity Shares.

You should consult your tax advisor regarding the application of the PFIC rules to your investment in Equity Shares and the elections discussed above.

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting to the IRS and possible U.S. backup withholding at a current rate of 28%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

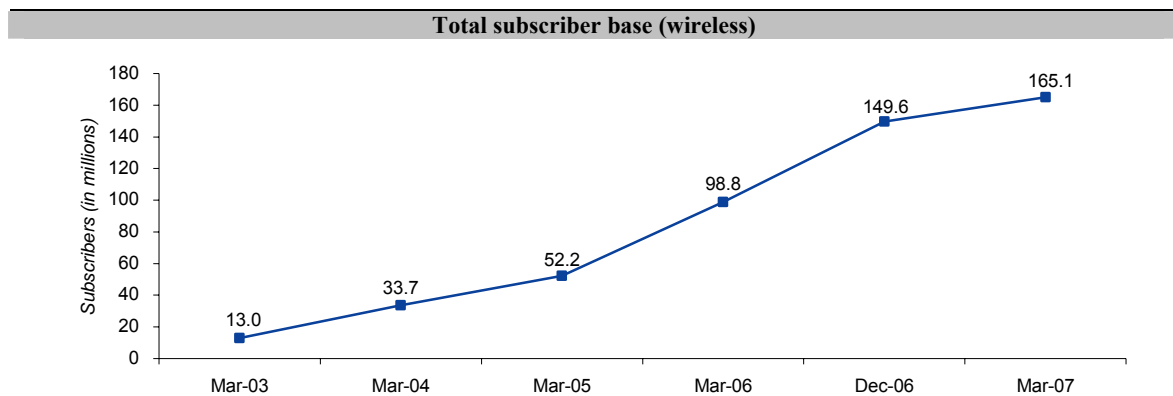
Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

SECTION IV: ABOUT THE COMPANY

INDUSTRY

The Indian telecommunications market

The Indian telecommunications industry has experienced significant growth in recent years, mainly in the mobile sector, with total wireless subscribers increasing from 13.0 million in March 2003 to 165.1 million subscribers in March 2007. Historically, this sector was run by the Government under the umbrella of the Ministry of Telecommunications and Information Technology, Department of Telecommunications (“DoT”). The liberalisation of this key sector began in the early 1990s with the realisation that in order to achieve rapid and comprehensive development of the infrastructure, wide scale investment was required and this could not be fulfilled exclusively by public investment. Since early 1998, all the different telecommunications services areas have been opened up to competition and private sector participation. This transition from a government-controlled monopoly to an industry with widespread private sector participation has been instrumental in the telecommunications sector becoming one of the fastest growing sectors in India. The chart below depicts the rapid growth in wireless subscribers from 2003 to March 2007:

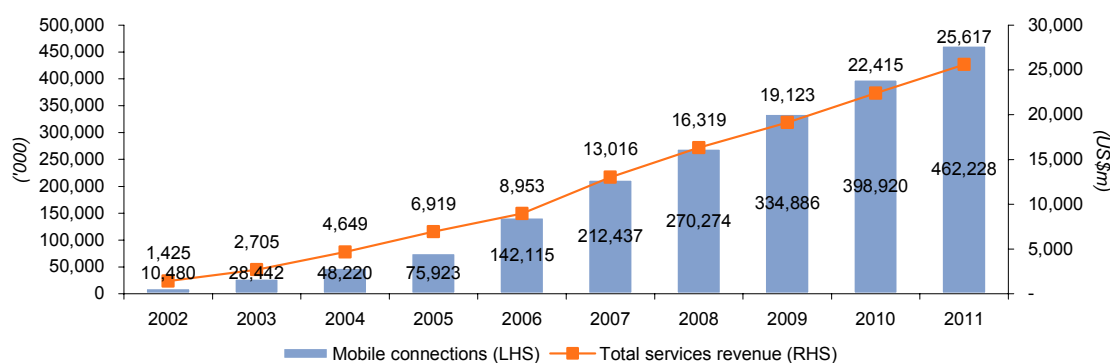


Source: Telecom Regulatory Authority of India : *The Indian Telecom Services Performance Indicators January - March 2007 (6th July 2007)*

The quarterly wireless subscriber additions touched a high of approximately 6 million subscriber additions per month in the recent quarters, with the 3 months ended December 2006 seeing an addition of 20.1 million subscribers and the three months ended March 2007 seeing an addition of 15.5 million subscribers.

The telecom penetration in India continues to be low compared to international standards and industry forecasters see the India telecom industry continuing to grow strongly over the next few years. Gartner, in its report “Forecast: Mobile Connections, Asia/Pacific, 2002-2011” estimated India’s cellular market penetration at 12.7% in 2006 and projected this to rise to 38.6% by 2011. In the same report, Gartner estimates that cellular connections in India will grow from approximately 142 million cellular connections at end of 2006 to approximately 462 million cellular connections by end of 2011 at an implied CAGR of 26.6%. Correspondingly, it projects revenues from cellular services to increase from US\$8.95 billion in 2006 to US\$25.62 billion in 2011, at an implied CAGR of 23.4%.

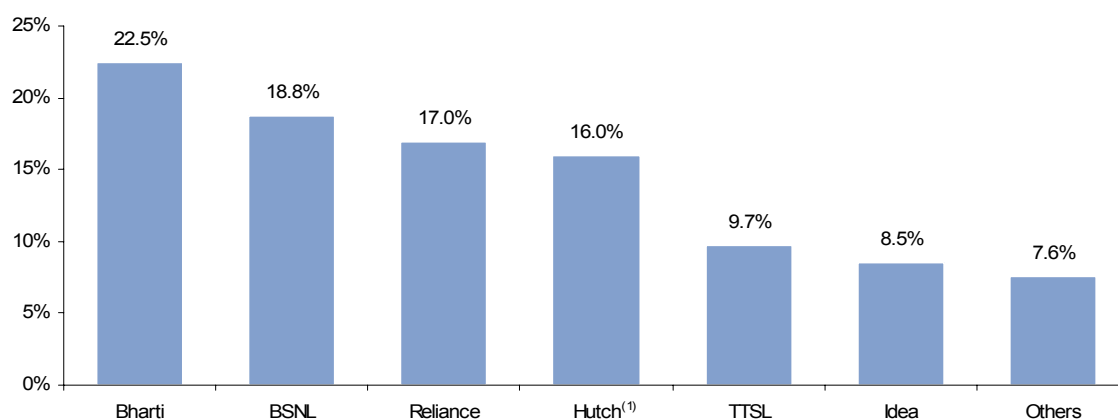
Indian cellular services forecast (2002 - 2011)



Source: Gartner; Forecast: Mobile Connections, Asia/Pacific, 2002-2011 published in June 2007

As at end March 2007, GSM had 120.5 million subscribers or approximately 73% of wireless market and CDMA accounted for the balance 27% with approximately 44.6 million subscribers. The wireless market share by operators as at end of March 2007 was as follows:

Indian wireless operator market share (Quarter ended Mar 2007)



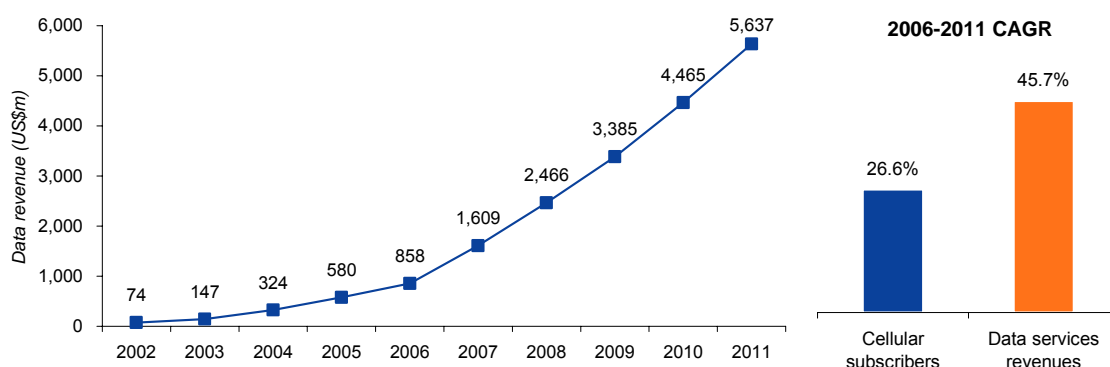
Note (1): Hutch has since been renamed Vodafone Essar Limited

Source: Telecom Regulatory Authority of India : The Indian Telecom Services Performance Indicators January - March 2007 (6th July 2007)

Data / Value added services in India

The Indian cellular industry revenues from Data services were estimated by Gartner to have grown more than 11 fold from US\$73.9 million in 2002 to US\$858.0 million in 2006. These are expected to increase significantly faster than the cellular subscriber compounded annual growth rate of 26.6%, at a CAGR of 45.7%, to reach US\$5.6 billion in 2011 as depicted in the chart below.

India Cellular Services – 2002-2011 Data revenues



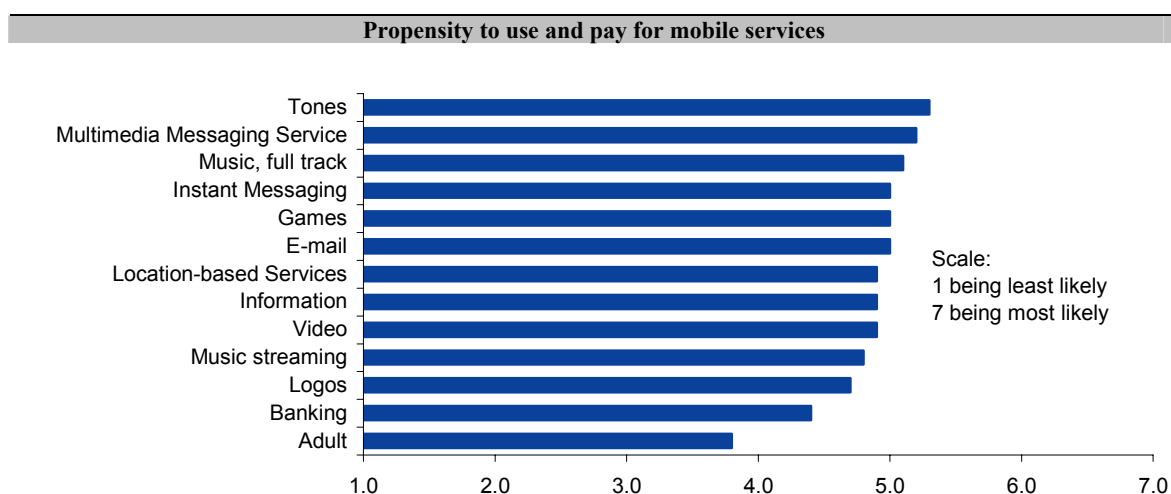
Source: Gartner; Forecast: Mobile Connections, Asia/Pacific, 2002-2011 published in June 2007 (India: Mobile connections forecast, 2002-2011)

Leading telecom operators such as Bharti, Reliance and Idea have all reported increasing revenues from value added services. For example, in its 2007 financial report, Bharti reported INR 848 million from VAS revenues in fiscal 2003 which increased exponentially to INR 19,209 million in fiscal 2007.

The rapid growth in data services is being driven primarily by two factors:

1. Increasing consumer demand for value added services

Globally, there has been the trend towards consumers utilizing their phones for music, entertainment, games and information. This has been enabled by development and availability of richer content through telecom networks as well as better handsets that provide easy user interfaces. The results of a worldwide consumer survey by Gartner (using data collected during November and December 2006) depicted below show a high degree of propensity amongst consumers to use and pay for mobile value added services:

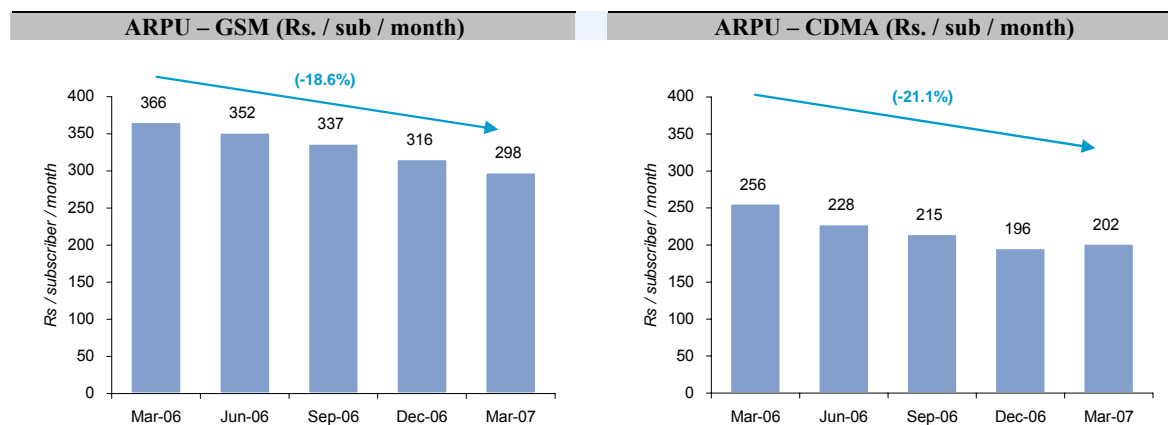


Responses to: "How likely are you to use a mobile phone to access each of the following paid mobile services in the next 12 months?"
Source: Gartner, Market Trends: Communications Consumers, India, 2007 published in April 2007

Gartner Dataquest in their report titled "Emerging Markets: How to Make Big Margins in Mobile Telecoms" published in December 2006 noted that an iconic phone book and voice applications can be used to address regions with low or functional literacy. A number of operators in India have implemented a premium number with IVR to access content. This is useful for consumers with limited literacy, but also applicable where there is no suitable language interface (India has 14 official languages). Voice SMS, such as the BubbleTalk service deployed by DiGi in Malaysia, is another possible solution.

2. Declining ARPU for telecom operators from Voice services

Due to competitive industry dynamics, mobile tariffs have been falling and as the following chart depicts, there has been pressure on the average revenue per subscriber ("ARPU") for telecom operators. ARPUs declined by 18.6% from Rs 366 per subscriber per month in March 2006 to Rs. 298 per subscriber per month in March 2007 for GSM subscribers. The ARPU from CDMA subscribers have similarly fallen over this period, declining by 21.1% from Rs. 256 in March 2006 and Rs. 202 in March 2007. Data or mobile value added services play a useful role in giving incremental revenues to the telecom operators with very little incremental spending in capital expenditure. This offers a potential lever to counter the trend of falling ARPUs and to increase EBITDA margins. The chart below depicts the trend in ARPUs between March 2006 and March 2007 for GSM and CDMA consumers



Source: Telecom Regulatory Authority of India : The Indian Telecom Services Performance Indicators, January - March 2007 (6th July 2007)

VAS services in India

Telecom value added services span a wide range and include: (a) in-network services such as: ring back tones, and voice SMS ; (b) voice based portal services such as ringtones, sports updates, stock updates, news, jokes; (c) user generated content services such as contests, auctions, audio streaming etc.; (d) interactive media solutions such as tele voting, mobile auditions, etc and; (e) mobile commerce solutions such as mobile ticketing, bill payments, pre-paid recharge and virtual shopping malls on the telephone.

The industry space remains fragmented with most VAS providers operating in narrow segments of the market. Many of the industry players operate in single product lines or have expertise limited to SMS or WAP technologies. Competition for multi-line, multi-product remains very limited.

International telecom markets

The telecom markets in emerging economies in South Asia such as Indonesia, Thailand, Pakistan, Bangladesh, Malaysia and Sri Lanka also growing rapidly and present, in many ways, the same opportunities for value added services providers as the Indian market. Telekomunikasi, Indonesia's largest integrated telecommunications provider, grew its mobile phone subscriber base by 46.7% from 24.3 million subscribers in 2005 to 35.6 million mobile phone subscribers in 2006 (Telekomunikasi annual report 2006). DTAC, Thailand's largest public telecommunications company and number two by market share in the country, increased its mobile phone subscriber base by 40.2% from 8.7 million users in 2005 to 12.2 million users in 2006 (DTAC annual report 2006). In Pakistan, Pakistan Telecom grew its subscriber base by 188.5% from 2.6 million in 2005 to 7.5 million in 2006 (Pakistan Telecom annual report). Bangladesh's GrameenPhone, the country's leading mobile phone operator by number of subscribers, reached over 11 million mobile phone users in March 2007, an increase from 5.5 million in 2005 (GrameenPhone annual report 2005 and press release 2007). In Malaysia, the largest mobile phone operator by population penetration, Maxis, increased its subscriber based by 17.7% from 7.9 million in 2005 to 9.3 million in 2006 (Maxis annual report 2006). Sri Lanka Telecom, Sri Lanka's largest integrated telecommunication services provider by population penetration, added 464,980 mobile subscribers in 2006, a 110.7% increase over the previous year, bringing its total number of mobile subscribers to 885,042, (Sri Lanka Telecom annual report 2006).

Generally, in emerging markets, the management of telecom operators is focused on building their rapidly growing core businesses, and hence are open to a credible external partner managing the value added services segment on a white labelled basis.

In addition, there are clear trends of the telecom handsets getting more sophisticated, and increasingly the handsets getting more integrated into the consumers' lifestyle and hence an opportunity to deliver various kinds of personalized information, entertainment, advertising and commercial services over the phone.

OUR BUSINESS

Overview

We are a leading provider of telecommunications value added software products and services in India with an expanding international presence, particularly in emerging markets in Asia. Our products are targeted at end-user telecommunications subscribers with an increasing focus on capitalising on the convergence between wireless and wireline telecommunications services, media content distribution, internet, mobile marketing and mobile commerce.

We have a broad range of applications that are delivered by our carrier customers to their end-user subscribers. These products include ringback tones, voice portals, ringtone downloads, subscription manager, contests, music messaging, on-device client software, mobile radio, dynamic voicemail, voice short messaging service and missed call alerts which enable subscribers to personalise their mobile phones and thereby enhance user experience. Our products also allow subscribers to access informational and entertainment content in multiple languages using speech-based navigation such as stock and commodity price updates, news, sports updates, jokes and music. In addition, subscribers can access entertainment content such as live sports commentary and karaoke using our audio streaming solutions. Our products include interactive user-generated content solutions which allow subscribers to participate in contests and auctions, classified advertisements and find-a-friend.

We also deliver interactive media solutions to leading media companies, such as tele-voting, interactive programming and mobile auditioning. Our interactive media solutions are also used by marketing companies for mobile advertising and lead generation. In addition, we provide a range of mobile commerce solutions which enable subscribers to buy movie tickets, railway tickets, top up their pre-paid mobile phonecards and pay bills using their mobile phones.

Our customers include the major telecommunications carriers or operators in India such as Bharti Airtel Limited (“Bharti”), Bharat Sanchar Nigam Limited (“BSNL”), Reliance Communications Limited (“Reliance”), Tata Teleservices Limited (“TTSL”) and Vodafone Essar Limited (“Vodafone Essar”) and more than 10 international telecommunications operators in over eight countries, including SingTel Optus Pty Limited (“Optus”) in Australia, Sheba Telecom (Pvt) Limited (“Banglalink”) in Bangladesh, Malaysian Mobile Services Sdn Bhd (“Maxis”) in Malaysia, PT Bakrie Telecom, Tbk (“BTEL”) and PT Indosat Tbk (“Indosat”) in Indonesia. As of June 30, 2007, we had a market reach of more than 216 million subscribers in India. As of March 31, 2007, we had a market reach of more than 75 million subscribers internationally. In addition, we had approximately 156 million unique users who had used at least one of our services since our inception .

In addition to telecommunications carriers, we market our products and services to media companies such as AOL Interactive Media India Pvt. Ltd. (“AOL”), Buena Vista Internet Group (“Disney”), ESPN Software India Pvt Ltd (“ESPN”), India Today Group digital, a division of Living Media India Ltd., Star India Pvt. Ltd. (“Star”), merchants, handset equipment manufacturers such as Nokia Pte Ltd. (“Nokia”), content owners and creators, advertisers, and other large corporations.

Our products create new revenue sources for our customers by expanding the technical and market reach of mobile phones and telecommunications networks. Telecommunications value added services provide incremental revenue to the telecommunication operators with comparatively smaller spending on capital expenditures.

We provide our carrier customers with end-to-end turnkey solutions, which we manage for them on an outsourced service basis through long term contracts. Almost all our contracts provide for revenue sharing through which we receive a portion of the revenue generated by the carriers from their end-user subscribers. This enables us to earn recurring revenue over a long term period and to share in the benefits of growth in our carrier customers’ subscriber base and increased usage of our services. We source content for our applications from over 65 content owners and content suppliers which we deliver to our customers through our delivery platforms.

Most of our applications are not network or handset specific and are deployable across major networks, including the Global System for Mobile Communications (“GSM”), Code Division Multiple Access (“CDMA”) and legacy wireline networks, regardless of the technical capabilities of the mobile device. Our

multi-modal platform enables us to deliver text, audio, data or video content through multiple modes including voice, Short Messaging Service (“SMS”), Multimedia Message Service (“MMS”), Unstructured Supplementary Service Data (“USSD”), on-device portals, wireless application protocol (“WAP”) and 2, 2.5 and third generation protocol (“3G”) technologies to the end-user subscribers, thereby allowing us to rapidly deploy a wide range of our products across operators and networks.

We use speech recognition technology as one of our primary user interfaces to satisfy increasing market demand for simpler user interfaces. Our speech-based solutions are not handset specific and is not dependent on the capabilities of the handsets and can be used by almost all our target subscriber base, giving us significant market reach, consumer acceptance and usage. In addition, our on-device software product simplifies the user interface and enables end-users to access sophisticated services easily.

We have a track record of creating, developing and successfully launching innovative software product applications such as Indian vernacular and international languages for our voice portals, ringback tones, Press * to copy, dynamic ringback tones, viral ringback tones, live audio commentary, vernacular WAP portal and voice search solutions, which validates our technology development strength and depth of market experience. Based on our track record and consistent ability to develop and deliver products and services to our customers over the past few years, we believe that we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers and create new revenue streams.

We were incorporated in India on September 27, 2000 by OMSI, which was an incubated startup of Infosys Technologies Limited (“Infosys”), to develop telecommunication software applications for the mobile telecommunications industry worldwide. Our registered office is located in Bangalore, India. We also maintain offices in Singapore, Jakarta and Sydney. In December 2006, we acquired ITfinity, a mobile technology software specialist based in India with an expertise in developing mobile data products. We have recently acquired Vox mobili SA to expand our product portfolio in data and to access markets in Europe and North America. See “–Vox mobili SA” for more information.

We were ranked the top value added services company in fiscal 2007 by Voice & Data, a leading publication for the telecommunications industry in India. We had the largest value-added services deployment of speech ports worldwide of Nuance Communications, Inc., a leading provider of speech and imaging solutions for businesses and consumers around the world, in fiscal 2007 and 2006.

Our consolidated net revenue increased from Rs. 409.5 million in fiscal 2005 to Rs. 826.2 million in fiscal 2006 and to Rs. 1,329.7 million in fiscal 2007, representing a compounded annual average growth rate of 80.2%. Our consolidated profit after tax increased from Rs. 140.2 million in fiscal 2005 to Rs. 247.8 million in fiscal 2006 and to Rs. 337.2 million in fiscal 2007, representing a compounded annual average growth rate of 55.1%.

Our Competitive Strengths

Significant market share in India’s fast growing telecommunications value added services market

The provision of telecommunications services is a priority in India’s expanding economy. As land-based telephone connections and services are inadequate and/or antiquated, mobile phones are increasingly required to fill the growing demand for communications. Competitive pressures have also resulted in decreasing prices in the Indian telecommunications industry and our carrier customers are increasingly looking to value added services to support and grow their revenue and margins. As a result, India has developed into one of the fastest emerging markets in the world for mobile value added services, according to Cygnus Business Consulting & Research. In India, our customers include leading telecommunication carriers such as Bharti, BSNL, Reliance, Vodafone Essar and TTSL, which have 22.5%, 18.8%, 17.0%, 16.0% and 9.7%, respectively, of the market share of the total wireless subscribers as of March 2007, according to TRAI. As of March 2007, we had a market reach of more than 96% of India’s telecommunications wireless subscribers through our carrier customers.

Deep and long-term customer relationships which create high technological and time-to-market barriers to entry for new entrants

We have deep and long-standing relationships with our customers developed through our long-term partnership contracts and revenue sharing arrangements that allow us and our customers to share in the

revenue generated by our products and services. Our customer contracts are generally master contracts that allow us to add new products and services rapidly with essentially the same terms and conditions as the master contract. Since our inception in September 2000, we have not lost any major customers and have consistently achieved year on year revenue growth with each of them. This was achieved through our development of innovative revenue generating products and joint revenue product planning and service deployments with our customers, thereby making us integral to our customers' growth plans.

Furthermore, service deployments with our major carrier customers involve complex hardware systems and software applications deeply embedded within the carrier's network infrastructure and integrated into the carrier's billing, provisioning, service management, customer care and other core network systems. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our major customers. This minimizes the complexities involved in deploying and marketing new services, which gives us an advantage over our competitors in the development, testing and commercialisation of innovative new mobile solutions and products by reducing the time-to-market for new product introductions as the new products, content and updates can be easily launched through our existing infrastructure.

In addition, we offer our customers end-to-end turnkey solutions, which we manage for them on an outsourced service basis. Such end-to-end solutions include hardware and software platforms, application development, infrastructure management and customer support, including software maintenance, hardware support and help desk services. By providing end-to-end solutions, we operate as a "one-stop-shop" for carriers and other customers that look for product, operational and marketing support. Our ability to deliver end-to-end solutions significantly helps customers who are interested in conceiving, developing and quickly getting their new service offerings to market. For example, we are one of the few providers in India to offer mobile commerce solutions as managed services. For more information, see " – Customer Delivery – End-to-end Turnkey Solutions" on page 97.

Proven track record in bringing innovative solutions to market

We believe that with our track record, accumulated market experience, technical capabilities and operational expertise, we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers. For example, we have a proven track record of creating, developing and successfully launching innovative product applications such as Indian vernacular languages for our voice portal and audio streaming ringback tones solutions.

In addition, we have invested and will continue to invest resources in research and development in order to keep creating new applications and solutions and to upgrade or improve our existing ones. We believe that the research and development experience and knowledge base that we have developed over the years will enable us to continue delivering innovative services in the area of new and enabling technologies and keep us at the forefront of developments in our industry. The large size of our research and development team and their technical expertise allows us to offer and customize tailored products and services to our customers in very short timeframes with advanced software features. See "– Technology and Product Development" on page 98 for more information.

Blue-chip customer base

We have successfully deployed our solutions over the past seven years and currently service major blue-chip customers including AOL, Bharti, BTEL, BSNL, Indosat, Maxis, Optus, Reliance, Star, TTSL and Vodafone Essar. Our existing relationships with such blue-chip customers enable us to easily cultivate new customer relationships, as new customers are aware that our blue-chip customers have selected us based on our constant innovation, consistent operational track record and the competitiveness of our products and the commercial terms of our business.

We draw significant benefits from our scale of operations and breadth of products

Our business exhibits significant economies of scale, for example in software development manpower costs, hardware and software purchasing, centralised operations support staff, content purchasing and infrastructure. The breadth and depth of our product and services portfolio allows us to extract value from cross-selling services, data mining, cost sharing, re-use of software code, sharing of system resources and

databases and other similar synergies. It allows our customers to offer a wide range of similar user interface services to their subscribers, resulting in ease of market adoption, faster revenue results, and higher end-user satisfaction. We continuously work on feature enhancements and interlinkages between our products to generate new value in a cost efficient manner. Such synergies are not available to many of our single-product competitors.

Experienced management and core engineering team

Our senior management team has an average of over 15 years of experience in the telecommunications and technology industries and have previous work experience at well established companies such as Infosys, Ericsson India Private Limited, Nokia India Private Limited, IBM, Hughes Escorts Communication Limited and Samsung Corporation. Our senior management team has significant experience in all aspects of our business and has transformed us from a small start-up into our current status as a leading provider of telecommunications value added products and services in India. In addition, our core engineering team consists primarily of experienced ex-Infosys employees who bring with them global delivery process and software engineering expertise. Most of the members of our senior management and core engineering teams have been with us since our inception and have successfully executed our growth strategy that has increased our net revenue from approximately Rs. 172.6 million in fiscal 2004 to Rs. 1,329.7 million in fiscal 2007. See "Our Management" for more information.

Our Strategy

Our mission is to grow into one of the leading global providers of telecommunications value added services serving global wireless and wireless telecommunication operators, mobile virtual network operators, media companies, content owners and publishers, internet companies, mobile commerce merchants and corporates

Develop and launch innovative applications to further penetrate our existing customer base as well as new markets

We believe that the telecommunication value added services industry is evolving rapidly due to the development of more sophisticated handsets, advanced network infrastructure, increasing consumer acceptance and the availability of rich and varied content and services for end-users. We have a track record in developing and launching innovative new products that tap into consumer preferences across the markets we serve. We intend to utilise our leading market position in India to launch, test and develop innovative applications and services with our existing carrier customers, thereby expanding the breadth of services we power and manage for them, as well as export these new applications and services in new international markets as they become commercially viable. We have a pipeline of software products under development and expect to supplement these with products and technology that we may acquire. For example, we are currently in the process of deploying our new mobile marketing solutions such as our m-advertising, m-coupon and Ad-RBT solutions with our customers. As our product portfolio and end-user base expands, we also benefit from increased market understanding which enables us to analyse purchasing and usage behaviour, develop products which match consumer preferences and cross-sell services to the end-users we reach.

Expand our international presence

We intend to expand our geographic presence and market to new carrier and other target customers by leveraging our expertise and track record in offering products that address the needs of international customers. In fiscal 2007, we entered into contracts with eight new wireless carriers in Indonesia, Malaysia, Pakistan, Bangladesh and Sri Lanka for licencing and management of our telecommunications value added services. In order to develop and support these new carrier customer relationships, we intend to upgrade and expand our network of development, sales and support resources in potential growth markets, establish overseas offices and to enter into local partnerships and distribution arrangements.

Continue developing new service initiatives such as our mobile commerce and mobile marketing and media solutions portfolio

We have successfully tested and launched mobile commerce applications such as movie ticketing, railway ticketing and utility bill payment. With the evolution of the mobile phone beyond its basic call functionality, we believe that there are opportunities to deploy applications and services which enable merchants and consumers to sell and purchase goods, mobile content and other products using the wireless handset as a

sales channel. Merchants will be able to leverage the increasing reach of telecommunications networks to access large and difficult to reach markets like the rural sections of India. We intend to leverage the mass customisation capabilities of our value added software services deployments with carriers to bring to market advanced capabilities such as demand aggregation and personalised one to one direct marketing. We believe that our experience in delivering telecommunications value added services to mobile users over a seven-year period gives us a deep understanding of usage behavior on value added services. We intend to continue working with marketing and media companies and operators to develop focused marketing and advertising solutions for target market sectors or customers.

Pursue selective strategic acquisitions and investments

We continually seek new growth and acquisition opportunities in our existing line of business as well as related businesses to expand our geographic presence, service offerings, carrier relationships and technological expertise. By selecting the opportunities for growth and acquisition carefully and leveraging our transactional, project execution, and operational skills, we expect to continue to expand our business. For example, in December 2006, we acquired a majority stake in ITfinity, a mobile technology software specialist with an expertise in the development of mobile data products based in Mumbai, which subsequently merged with us in May 2007. Its customers include, among others, Nokia. In September 2007, we acquired Vox mobili SA, a Paris-based global provider of personal data management, wireless synchronization and embedded client solutions. We will pursue similar opportunities in other regions to strengthen and grow our business, including investment in or acquisition of minority or majority stakes in companies which support our business and product strategy.

Strategic distribution partnerships

For selected markets and product categories, we intend to enter into strategic distribution partnerships with well established companies which have strengths that are complementary to ours. For example, we recently signed a global reseller agreement with Nokia Siemens Networks GmbH & Co. KG to distribute our ringback tones products to their global customer base using their customer account teams, onsite resources and infrastructure and thereby leverage their local customer base and product support capabilities.

Attract and retain talent

We intend to continue identifying, attracting, training and retaining highly skilled application development engineers and technical personnel, business development experts and well-qualified and experienced senior management and sales team members. Building successful technical and business teams will enable us to continue identifying and developing innovative products and solutions, deepen and expand our customer relationships and pursue acquisitions to grow our business.

Our Principal Products

We offer our customers a wide range of telecommunication solutions which can be broadly categorised as follows:

- ***Multi-modal Platform.*** Our multi-modal platform, MMP2500, is the core platform on which all our applications operate. MMP2500 is a carrier-grade system that effectively integrates multiple delivery modes and payment and subscription options for 2, 2.5 and 3G networks and handsets; and
- ***Application Products.*** Our application products can be broadly categorised into network based in-call solutions, voice based multi-modal portal, WAP and on-device client software applications, interactive media solutions, mobile commerce solutions and mobile marketing services.

Multi-modal Platform, MMP2500

Our multi-modal platform, MMP2500, provides carriers with the scalability, flexibility and technology investment protection they need for deploying enhanced multi-modal applications within their networks to their entire subscriber base. Our multi-modal platform:

- enables the rapid deployment and delivery of software applications across multiple delivery modes such as voice, SMS, MMS, USSD, WAP and on-device software applications, thus fully leveraging wireline, 2G, 2.5G and 3G networks and handsets;
- enables the delivery of applications in multiple languages including 10 Indian vernacular languages;
- provides multiple payment options for subscribers allowing them to make payments using their mobile phones by credit card, debit card and direct debit; and
- provides multiple payment and subscription models for subscribers including premium access, pay-per-use, pay-per-transaction and time-based models to promote subscribers' access.

Our multi-modal platform seamlessly combines speech, text and touch input with graphics, text and audio output to deliver enhanced applications and services, thereby improving user experience and encourages greater usage. We have adopted speech recognition technology, which enables users to access services by voice commands in multiple languages, including 10 Indian vernacular languages, as one of our primary user interface to meet increasing market demand for simpler interfaces.

Application Products

Our application products can be broadly categorised into:

- network based in-call solutions;
- voice based multi-modal portal solutions, WAP and on-device application;
- interactive media solutions;
- mobile commerce and corporate solutions; and
- mobile marketing solutions.

Network Based In-Call Solutions

Our network based in-call solutions are applications that are deeply embedded within the carrier's network infrastructure and integrated into the carrier's billing, provisioning, service management, customer care and other core network systems.

- *Ringback Tones*

We first launched our ringback tone application in 2004 with Vodafone Essar. Our ringback tone application enables callers to hear ringback tones, which are songs or voice-recorded clips chosen by the subscriber, instead of the traditional ringing sound, while waiting for the called party to answer the call. Our ringback tone application enables users to search for and download a rich variety of high-quality ringback content, including a repository of songs, live updates, such as sports scores, news updates or to create their own personalised ringback content. Multiple ringback tones can be customised to identify different caller groups or to be played at a specified date or time and can be used in a shuffle mode so that different songs will be played to consecutive incoming calls.

In 2007, we launched two advanced features, "Press-*to-Copy" and "Not-Enough-Funds", for our ringback tones products. These features allow end-users to subscribe for and to set their preferences in an intuitive and easy manner leading to faster market adoption and increased usage of the service.

As of June 30, 2007, we have over 10 million users of our ringback tone service resulting in over 2.6 billion calls each month. We believe that the deployments of our ringback tones applications have resulted in significant ARPU uplifts for our telecommunications operators customers.

- *Dynamic Voicemail and Missed Call Alert Service*

Our missed call alert service is a messaging service, offering multi-modal alerts of a missed call or voicemail received when the handset is in use, turned off or when the user is outside of his or her coverage area. This service allows for users' mailboxes to be managed dynamically and is particularly useful in countries where a majority of users are pre-paid. Additionally, the service enables users to quickly access their voicemail as they have the option to navigate and manage their voice mailbox using our speech technology.

- *Voice SMS*

Our voice SMS application is a new short messaging service that addresses the limitations of conventional SMS messages such as character limitations and the lack of support for vernacular languages by using voice instead of text. Our voice SMS application is easy to use and, compared to SMS, adds an emotional dimension to messaging. It also provides flexibility to users by supporting multiple languages and enabling users to customize the duration of their messages. Users can also review their messages and re-record their messages, have the option of sending their voice messages during non-peak hours and can customise the application to ensure that the voice messages are not sent to roaming recipients.

- *Voice Based Multi-Modal Portal, WAP and On-Device Applications*

Our on-device client software application is a handset-installed solution that leverages the capabilities of subscribers' handsets by enabling data services and content to be embedded directly onto the subscribers' handsets, so that subscribers can easily access and download data services and content instantly and without continuous network coverage, resulting in simpler and faster navigation, increased personalisation, and an overall improved experience for users. Service providers and our customers also benefit as their brands will have a permanent presence on a subscriber's handset in addition to revenue from increased volume of transactions as subscribers can access data services and content offline. Our on-device application also allows service providers to dynamically publish content on subscribers' handsets to ensure a consistent user interface across vendor devices.

Our voice based multi-modal portal, WAP and on-device portal solutions consist of content-based applications which enable users to access and download a wide range of content such as ringtones, mobile radio, music messaging, information and entertainment content such as news, stock prices, sports updates or live commentary and user-generated content such as contests and auctions, find-a-friend and classified advertisements.

- *Music Solutions*

Our music solutions are geared towards providing mobile users a wide range of content for download and use such as ringtones, song dedications, karaoke-based applications, music messaging, music jukebox and SMS tones. We primarily source for and aggregate content through licencing agreements with music label companies, royalty agencies and other content providers. In some cases, our customers source for the content directly. Users pay for our music solutions through monthly subscription fees or on a per-download basis and we receive a percentage of the revenue from our customers. The key feature of our music solutions is our multi-channel (with voice as the primary channel), multi-carrier and multi-lingual capabilities and our key products include:

- *Ringtones.* We source and aggregate ringtone content from major music label companies and unbranded content from talented local musicians. Our ringtone repository is updated regularly to provide users with the latest content. Our ringtone application provides users the option to download ringtones over voice, SMS and WAP and supports multiple carrier technologies such as GSM and CDMA.
- *Musicard.* Our musicard application allows users to send personalised greetings over mobile phones. Users can record personalised messages with a background score of their choice or songs sung karaoke-style by the user. Further, our musicard application allows visuals such as pictures or other images to be transmitted to devices with MMS functions.

- *Music Jukebox.* Our music jukebox application allows users to access content and services in multiple languages from one place. Users can download songs from our music jukebox and set them as ringtones and ringback tones or sing to selected songs in karaoke style, record it and forward it to other users. Our music jukebox application supports multiple carrier technologies such as GSM and CDMA.

- *Information and Entertainment Solutions*

Subscribers to our information and entertainment solutions can get information in a variety of categories on an on-demand basis. For these services, we receive a percentage of the revenue earned by our customers from the subscribers. By combining voice, SMS and WAP technologies, we offer a wide range of information and entertainment products to users:

- *Sports Updates.* Our sports update application allows users to get live updates and commentary of sporting events such as cricket, football and the Grand Prix motor racing on their mobile phones. In addition, users can participate in contests, browse other sports-related content and subscribe for scores updates. We regularly update and archive our content to ensure that users can access updates and information even when a live event is not occurring.
- *Stock Updates.* We provide information on the stock market for all markets of interest to our customers including the latest stock updates, market updates on the top three gainers and losers for the day and basic stock quotes such as last traded price and stock movement. Users can build their own portfolio of stocks using this application and subscribe for daily alerts.
- *Movie Updates.* Users of this application can access movie previews, reviews, sound bytes, movie trivia, gossip and movie updates and browse movie theaters for movie timing. Users are also able to receive SMS alerts of the latest movie releases and purchase movie tickets using their mobile phones.
- *News.* We provide news content on a real-time basis in multiple languages accessible by categories such as politics, business or international news. Users can subscribe for alerts with callbacks for breaking news.
- *Logos.* We provide a wide variety of logos that users can select and download onto their mobile phones using voice.
- *Jokes.* Our jokes application allows users to browse, select and listen to jokes with the help of voice commands. Users can send jokes to their friends or submit their own jokes to our repository.
- *Devotional Songs.* This application gives users access to a repository of devotional songs in multiple languages using voice, SMS and WAP. We provide content related to many of the major religions of the world.
- *Astro Zone.* Our astro zone application allows users to download personalised horoscopes on their mobile phones based on astrology or numerology, tips on feng shui and personality analysis.
- *Audio Streaming.* Our audio streaming solution allows users to receive content of a live event even on a 2G network. Live audio commentary is streamed from a web server onto our in-network platforms and channeled to users. Prior to the introduction of our live audio streaming service, users who wanted to receive live content had to install streaming software onto their mobile phones. With our live audio streaming solution, we have moved the streaming software from the handset to our in-network platforms allowing users to access streaming audio content at anytime from any handset.

- *User-Generated Content Solutions*

Our user-generated content applications use on-line content created and published by the end-user subscribers. For these services, we receive a percentage of the revenue earned by our customers from the subscribers. By combining voice, SMS and WAP technologies, we offer a wide range of user-generated content solutions to users:

- *Find-a-Friend.* With our find-a-friend application, users can search for an ideal friend using their mobile phones. Users create profiles which are securely stored on our database to protect each individual's privacy. Users can search or browse through the profiles in our database on the basis of gender, location and age and can establish contact with a potential friend using voice or SMS. The recipient can choose to respond to or delete such voice or SMS or block a sender. All communications are channeled through our customer deployed platforms maintaining each user's anonymity.
- *Contests.* Our contest solution enables carriers, media and advertising companies, corporates and merchants to set up contests for mobile phones and wireline subscribers. As part of our managed services, we provide the technology as well as the content for this application. Our contests solution enables us, for example, to create a question bank, set up different quiz formats, conduct a post contest analysis of the scores and manage the distribution of prizes to winners of the contests.
- *Auctions.* Using WAP, SMS and dual-tone multi-frequency ("DTMF") based support, as well as a multi-lingual voice interface to ensure a quick and easy bid, our mobile auction solution allows users to participate in mobile auctions for multiple products at the same time. Users are notified once an auction starts or when a bid resumes and receive alerts an hour before the auction closes.

Interactive Media Solutions

Media companies such as newspapers, magazines, television broadcasters, radio stations and book publishers increasingly want their viewers, listeners or readers to interact with them and actively participate in their programmes using their mobile phones. Our interactive media solutions help media companies avoid the huge investment in technology and infrastructure that would otherwise be required to access our telecommunications subscribers and provides them with a fast time to market, low investment cost, single stop entry into the market using our installed value added services systems and infrastructure and by leveraging our existing operational teams and relationships with the major carriers.

Our media solutions provide media companies with a unique access number which is common to and accessible through most of our carrier customers. The convergence of mobile and media can be seen in the rise in popularity of reality television programmes, which provide viewers with an increasing amount of interaction between their televisions and their mobile phones through voice or SMS contests, polls and voting. For instance, our media solutions enable aspiring contestants from all over India to audition for the popular reality television program, Indian Idol, using their mobile phones by simply dialing the assigned number and using our karaoke feature to sing a selected set of songs for submission.

We currently offer media companies access to over 100 million subscribers in India. Revenue earned from the end-user subscribers is shared between the carrier, the media companies and us.

Mobile Commerce Solutions

We have developed our mobile commerce solution which leverages voice, DTMF, SMS and WAP interaction modes to support payment for goods and services through a carrier's network using the mobile phone as a user-friendly payment mechanism. Delivered as a managed service, we provide the technology for our mobile commerce solutions, perform content and pricing management, source existing credit card or debit card infrastructure to create a secure payment channel and perform new merchant or service integration. The key products of our mobile commerce solutions are:

- *Mobile Ticketing.* Our ticketing service, launched in 2006 and currently available for three cinema chains in 10 cities in India, enables users to enquire about the price and availability of movie tickets and to book tickets in real time using their mobile phones with SMS confirmation of purchase. Multiplexes such as PVR Ltd, Shringar Cinemas Ltd and INOX Leisure Ltd offer this service to their customers.
- *Pre-paid Recharge.* Our pre-paid recharge solution allows carriers to offer users the option to directly top up their pre-paid cards using their mobile phones at any time and anywhere using their credit cards or through their accounts with selected banks.

- *Bill Payment.* Our bill payment solution, launched in September 2006 with Airtel, allows users to make credit card payments for utility bills from their mobile phone and sends alerts to users when payment is due.

Shopping Mall. Our shopping mall solution, allows users to buy a variety of products such as mobile phones and electronic goods with their credit cards or cash-on-delivery.

Mobile Marketing Solutions

Our mobile marketing solution includes an outbound calling facility designed to send out automated messages about new promotions and offers on products and services to a specific list of users based on the target profile. Our mobile marketing solutions enable the advertiser/corporate client or merchant to direct their marketing efforts to a target subscriber group chosen based on a pre-defined set of profile parameters set by the advertiser, and thereby helps the advertiser to avoid wasting a significant portion of their advertising budget on non-target subscribers due to its inability to profile the subscriber.

When our outbound dialing facility contacts a user and the user is connected, the system becomes an interactive sales tool and information on a product or service can be gathered or dispersed. Our solution can be customised so that outbound calls are only made to users who are not on roaming and to remember preferences from the previous calls such as choice of language.

Our mobile marketing solution is multi-modal and supports multiple interaction modes such as voice, SMS, DTMF and WAP, as well as multi-lingual platforms, thereby creating an easy to use interface for users and an enhanced web-based interface for our customers to create, schedule, monitor and manage promotions.

Our Customers

As of June 30, 2007, we had a diverse customer base of over 50 customers across a variety of industries including:

- wireless telecommunications carriers;
- wireline telecommunications carriers;
- media companies;
- merchants;
- handset original equipment manufacturers;
- content owners and creators;
- corporates; and
- advertisers.

Some of our top customers based on our fiscal 2007 revenue include:

- Bharti;
- BSNL;
- Reliance;
- TTSL;
- Vodafone Essar.

We deliver our value added services to our customers on a managed services basis and we earn revenue primarily by entering into revenue sharing arrangements with our customers and receive a percentage of their revenue. In certain cases, we also charge fixed fees for our software licences and for the development, installation, annual maintenance and recurring fees for operational support, marketing support and onsite management.

Customer Contracts

Our contracts with our customers are typically on a non-exclusive basis and mostly have terms varying from between two to five years which can be renewed for further terms by mutual consent. Several of our customer contracts have automatic renewal clauses.

Most of our customer contracts are on a revenue sharing basis pursuant to which we receive a fixed percentage of the net revenue generated by our products and services for our customers. Our contracts are typically master contracts which allow our new applications and products to be quickly deployed under the contracts' existing terms and conditions without the need to enter into or negotiate a new contract. Our revenue sharing arrangements with our customers provide a recurring revenue stream for us.

In addition, under most of our customer contracts, we have agreed to indemnify our customers against any loss or damage arising from our breach of contract, including for the infringement of intellectual property rights in respect of the content that we had sourced and aggregated from third party content providers. We have limited our liability under the indemnity in some contracts to the extent of the net revenue earned by us under the contract. For some of our non-carrier customer contracts, our customers have also agreed to indemnify us for any loss or damage arising from any breach of the contract terms including for any infringement of intellectual property rights of the content sourced by them.

Our customer contracts also allow either party to terminate the contract for a variety of reasons, including for a breach of a material term or condition that is not rectified within a specified cure period. In addition, we are entitled to suspend the contract for non-payment. Either party is also allowed to terminate the contract without cause by giving written notice of between 60 to 90 days and without termination-related penalties.

Content Licencing Contracts

We source content for our applications through licencing contracts with music label companies, royalty agencies and other content providers. Our licencing contracts with content providers are usually for a term of one year which is renewable by mutual consent and typically contain a provision that the content provider will indemnify us against any third party claim for infringement of intellectual property rights in respect of the content sourced by them.

Customer Delivery

Managed Service Delivery Model

We provide our products and services as a managed service on an outsourced basis. Our applications are deployed within the carrier's network on our hardware which we install, operate and maintain. The software platform and applications on which our services are offered to end users by our customers are operated by us under licence to our customers.

As part of our managed services, we have a centralised network operations centre to monitor the carrier's network continuously and which also acts as a first level helpdesk. Every carrier account typically has a key operations manager and a dedicated site maintenance team.

End-to-end Turnkey Solutions

In addition, we offer our customers end-to-end turnkey solutions which we manage for them on an outsourced service basis. Such end-to-end solutions include:

Content Aggregation and Management

As most of our applications require third-party content, we ensure the availability of a comprehensive content repository for our customers through extensive content planning and content procurement. In addition, we also liaise with royalty agencies and content partners for tie-ups and intellectual property rights settlement and revenue settlement.

Marketing (Revenue Maximisation) Support

We have assigned to each customer a marketing team consisting of a key account manager and a team of marketing specialists, who will work closely onsite with our customers' marketing teams to identify new business opportunities and define, develop and launch new products and services so as to maximise revenue.

Operations Support

We have also assigned to each customer an operations team consisting of an operations manager and a team of our operations engineers, including engineers whom we employ on a contract basis, to assist our customer in rolling out their products and services, monitoring their operational performance and providing operational support.

Sales, Marketing and Business Development

Our sales, marketing and business development team is responsible for the development of strategic distribution partnerships, alliances and direct sales, including contract negotiations. This team also works closely with our existing customers to expand the range of services deployed and grow revenue from their subscriber base over the life of the contract we have with them.

As of September 7, 2007, we had 127 employees working in our sales, marketing and business development team, of whom 117 were permanent employees.

Competition

The telecommunication value added services industry is fragmented, nascent and highly competitive and is characterised by frequent introductions of new solutions and applications, evolving wireless platforms and new and improved technologies. However, we believe we compete effectively because of our track record, the sophistication of our technology, applications and platforms, our proven ability to consistently deliver new innovative applications, which have delivered strong revenue results, our operational expertise and project execution, our knowledge of consumer market, demand and preferences, the technology and systems which we have installed and integrated in our customers' infrastructure, our service level commitments and established relationships with customers.

Intellectual Property

Our success depends in large part on our proprietary technology and know-how. We rely primarily on a combination of trade secrets and copyright laws and restrictions on access to protect our trade secrets and proprietary rights. We distribute our software products under license agreements, which grant customers a non-exclusive licence to use the software and contain terms and conditions prohibiting its unauthorised reproduction or transfer. In addition, we enter into confidentiality agreements with our customers when we disclose proprietary information to them. We also enter into confidentiality agreements and invention assignment agreements with certain of our employees and consultants.

As of September 7, 2007, we have two registered trademarks. Our trademark and logo "OnMobile" is registered with the Trademarks Registry in Mumbai, India. In addition, our trademark "OnMobile – True Mobility" is registered with the United States Patent and Trademark Office. We have currently applied to register four other trademarks with the Trademarks Registry in India. We have also filed 11 patent applications with the Indian Patents Office.

Technology and Product Development

We have a dedicated team of technology experts to research and develop new software applications. To date, we have developed numerous innovations including our MMP2500 multi-modal platform, our WAP and speech recognition technology with the ability to support vernacular languages, advanced phonetic search capabilities in our voice and data applications, our live audio streaming application using 2G technology, our live content on ringback tones application, our "Press-*to-Copy" on our ringback tone applications and our mobile commerce application. We filed for eight patents (including six provisional patents) in 2006 as a result of our research and development efforts.

Employees

We have a strong focus on recruitment, training and retention of our employees. As of September 7, 2007, we had a total of 754 employees of whom 664 were permanent employees and 90 were employees hired on a contract basis primarily to provide on-site engineering and operational support. We have 185 employees on our operations team, 127 employees on our sales, marketing and business development team, 141

employees on our research and development team, 28 employees on our product management team, 157 employees on our delivery management team and 58 employees in our administration department. In addition, we have 58 employees in our data products team. All of our employees are based in India except for six employees who are based in Australia, Singapore and Indonesia.

Our employees are not unionised and we have never experienced any work stoppages. We believe that our employee relations are good.

Insurance

We maintain standard insurance policies for our physical assets and our employees as required by applicable laws and regulations. As of September 7, 2007, our material policies are:

Type of Policy	Insured Value
Standard Fire and Special Perils	Rs. 76.8 million
Directors' and Officers' Liability	Rs. 45 million
Professional Liability Technology	Rs. 45 million
Commercial General Liability	Rs. 45 million
Group Mediclaim	Rs. 300,000 per employee
Group Personal Accidents	Rs. 800,000 per employee
Special Contingency	Rs. 13.3 million
Burglary	Rs. 76.8 million

Process and Quality Assurance

Our process and quality assurance compliance programmes are critical to the success of our operations, We have adopted eight guiding process and quality assurance principles of customer focus, leadership within the industry, people involvement, process approach, system approach to management, continual process improvement, fact-based decision making and mutually beneficial customer and supplier relationships.

In addition, we are implementing a quality management system which will adopt the Capability Maturity Model® Integration (CMMI) framework for process appraisal and improvement and the TL 9000 quality management system for the telecommunications sector which is based on the International Organisation for Standardisation (ISO) 9000 quality standard.

CMMI

Capability Maturity Model® Integration (CMMI) is a process improvement approach developed by The Carnegie Mellon Software Engineering Institute, a federally funded research and development conducting software engineering research in, among other things, process improvement and performance measurement, that provides companies with the essential elements of effective processes to identify, analyse, appraise and improve existing processes within the company to meet its goals and objectives. It can be used to guide process improvement across a project, a division, or an entire company. CMMI helps integrate traditionally separate organisational functions, set process improvement goals and priorities, provide guidance for quality processes, and provide a point of reference for appraising current processes.

TL 9000

The TL 9000 quality management system is developed by the Quality Excellence for Suppliers of Telecommunications to create a standardised set of telecommunications specific quality system requirements based on the ISO 9000 quality standard that would apply to the telecommunications industry worldwide. It contains the international quality system requirements of ISO 9001:2000 for the design, development, delivery, installation, and maintenance of telecommunication products and services. It also defines the performance metrics required to measure the progress and results of its implementation.

ISO 9001:2000

The ISO 9001:2000 is one of ISO 9000's three quality standards. The ISO 9001:2000 certification is awarded by the ISO and outlines specific process-oriented requirements for assessing a company's ability to meet customer and applicable regulatory requirements and thereby address customer satisfaction. It is based on the implementation of specific quality procedures and processes and is maintained by a demonstrated commitment to quality improvement. At the core of ISO 9001:2000 are the principles of customer focus, leadership within the industry, and the involvement of employees and management in developing and continuously updating a process approach to rectifying issues.

Properties

Our registered office is located at #26, Bannerghatta Road, JP Nagar III Phase, in Bangalore, India. We occupy approximately 61,722 square feet of office space, which we lease under a lease agreement that expires on February 10, 2011, subject to renewal by mutual consent.

We recently purchased a property in Mumbai. The following table sets forth details of the property:

Location	Primary Purpose	Area (in square feet)	Sale Deed Executed on
501&502, Sumer Plaza, village Marol, Mumbai	To house employees of the Mobile Data Products division and Sales division of Mumbai Office	7,985	July 21, 2007

The following table sets forth details of our leased properties as of September 7, 2007:

Location	Primary Purpose	Area (in square feet)	Lease Expiration Date
India:			
JP Nagar III Phase, Bangalore	Administration and support services	13,535	January 31, 2012
Begur Hobli, Bangalore	To be used for administration, support services and business operations	76,523	July 31, 2012
Military Road, Marol, Andheri, Mumbai	Mobile Data Products	3,700	August 13, 2011
Nariman Point, Mumbai	Sales	1,570	June 30, 2009
Makwana Road, Marol, Andheri (East), Mumbai	To be used for Mobile Data Products	2,450	August 21, 2008
Bhikaji Cama Place, Delhi	Sales	1,481	August 31, 2008
M G. Road, Gurgaon, Haryana	To be used for Sales	1,559	August 28, 2010
Australia:			
Walker Street, Sydney	Sales	80	October 31, 2007
Singapore:			
Raffles Place, Singapore	Business Development	150	Not applicable ⁽¹⁾
Indonesia:			
Jl. HR Rasuna Said, Jakarta	Sales	Not available	Not applicable ⁽¹⁾

Note:

(1) Lease automatically renews on a monthly basis unless terminated by one month prior written notice.

We believe that our existing facilities are adequate for our current requirements and that additional space can be obtained on commercially reasonable terms to meet our future requirements.

Indian Governmental Regulations

See "Government Approvals" and "Other Regulatory and Statutory Disclosures" on page 258 and page 263 respectively for a summary of the Indian governmental laws and regulations that are or may be applicable to telecommunications solutions providers like us.

Legal Proceedings

See “Outstanding Litigation and Material Developments” on page 254.

Vox mobili SA

On September 10, 2007, we completed the acquisition of the entire issued share capital of Vox mobili SA (“Vox mobili”), a provider of telecommunications related value added services focused on global management of personal and group data such as personal data management, wireless synchronization and embedded client solutions to telecommunications operators, Internet Service Providers (“ISPs”) and cable operators.

Vox mobili is a *societe anonyme* organized under the laws of France in 2000. Its registered office is located at 36 rue Brunel, 75017, Paris, France. Vox mobili has a wholly owned subsidiary, Vox mobili Inc., which was incorporated in the State of Washington, United States in 2003 to provide technical support services to one of Vox mobili’s customers, AT&T Wireless.

The consideration payable for the acquisition of Vox mobili is subject to a contingent earn-out valuation adjustment based on the achievement of certain performance targets by the Vox mobili group for its fiscal 2007. The maximum consideration payable consists of €22.3 million in cash and the issuance of 423,722 new equity shares to the founding shareholders of Vox mobili (the “Founders”). Part of the consideration was paid into an escrow account on the completion date of the acquisition, which shall be released to the Founders if they remain employed by Vox mobili 24 months after the completion date. In addition, part of the consideration is paid into a separate indemnity escrow account to indemnify us against any losses arising from any breach of representations and warranties provided by the Founders, including any losses arising from a third party claim. The monies in the indemnity escrow account shall be released to the Founders in three yearly tranches commencing on the first anniversary of the completion date if no claim is made on the indemnity by us.

In addition, we have implemented an employee stock option plan (the “Vox mobili ESOP”) for the key employees of Vox mobili. The total value of the Vox mobili ESOP is €1.3 million to be payable in three tranches. In the event that the Vox mobili ESOP is not implemented, we have agreed to pay to the key employees an amount equal to €1.3 million subject to their continued employment with Vox mobili.

Vox mobili’s Business

Vox mobili is a provider of data products in the telecommunications related value added services industry with several well-established customers in Europe and the United States. By acquiring Vox mobili, we thereby acquire their highly customizable, reliable and scalable phone back-up, synchronized address book and mobile paparazzi solutions, which we intend to integrate with our multi-modal platform for delivery to our carrier customers as well as to Vox mobili’s existing and future customers.

Phone Back-up Solution

The phone back-up solution is Vox mobili’s primary product. This solution allows mobile phone users to easily back-up content stored on their handset such as contact directory, calendar, SMS, pictures, ringtones, music and videos on the telecommunications operator’s secure network server. Vox mobili provides online web access and a WAP portal access to mobile phone users to manage their backed-up data. As a result, the end-user is protected from the loss of content stored on their handset due to handset equipment failure or loss of handset. The end-user can also visualize the backed up content and access advanced features such as booklet printing, album creation and data porting.

Synchronized Address Book

This is a carrier-grade solution that provides standards-based synchronization support to enable users to access a central network address book, which can be synchronized with other personal address books stored in any handheld device, personal computer or mobile phone.

Mobile Paparazzi Solution

This solution allows users to quickly and easily upload the photos and videos which they have taken with their camera phones to their favorite internet blogs, online albums and web sites. End-users can easily publish information and content which they have recorded on their mobile phones on popular websites such as social networking websites.

Customers

As of March 31, 2007, Vox mobili had over 10 major customers worldwide. Vox mobili delivers its value added services by granting software licenses to customers for license fees. In addition, Vox mobili charges its customers for technical support and maintenance services. A few major customers account for a significant portion of Vox mobili's revenue. The loss of any one of their major customers or a decrease in the volume of sales from these customers or a decrease in the price at which Vox mobili offers their services to them may adversely impact its revenue and profitability.

In addition, while Vox mobili's costs are distributed throughout the year, its revenue is cyclical and concentrated largely in the third and fourth quarters of its fiscal year (which ends on December 31 of each year) due to a number of factors outside the control of Vox mobili, including the timing of its customers projects which result in seasonal variations in the demand for Vox mobili's products and services. The cyclical nature of Vox mobili's revenue causes fluctuations in revenue. Vox mobili's quarterly results of operations have varied in the past and are expected to continue to do so in the future. In addition, Vox mobili forecasts the volume and timing of its customer orders for its operational and financial planning on the basis of many factors and subjective judgments. Because Vox mobili generally sells its products on a purchase order basis and not under long-term contracts, there can be no assurance that such forecasts are accurate. However, Vox mobili has hired and trained its sales and technical employees based on its expectations of future revenue and gross margin. As a result, a significant portion of its employee expenses, which represent a significant proportion of its overall expenses, is relatively fixed in the short term. Therefore, failure to generate revenue and gross margin according to its expectations in a particular quarter could have a material adverse affect on its results of operations for that quarter and for future periods. This may in turn adversely affect our business, financial condition and results of operations when Vox mobili becomes our subsidiary and its financials are consolidated with ours.

Most of Vox mobili's customers have long payment terms. Vox mobili typically delivers its products to customers in advance of receipt of a purchase order. Payment will be made pursuant to the purchase order but customers may take several months to issue the purchase order. In addition, Vox mobili extends credit, which typically ranges between 45 to 90 days, to its customers. The long payment cycle and exposure to losses on sales of products may have an adverse effect on Vox mobili's business, results of operations and financial condition. Vox mobili's cash flow generally lags behind its sales and this may result in Vox mobili operating at a negative cash flow for certain periods in the future. If Vox mobili is unable to consistently generate sustained positive cash flow from operations, it must rely on debt or equity financing.

In addition, Vox mobili depends on strategic partners in regions where it does not have a strong market share, such as South America and Asia, to market and resell its products. If any of the reseller contracts are terminated, it may have a material adverse affect on Vox mobili's revenue and results of operations.

Employees

As of June 30, 2007, Vox mobili had a total of 40 employees.

Vox mobili's employees are not unionised and Vox mobili has never experienced any work stoppages. Vox mobili believes that its employee relations are good.

Consolidated Financial Statements

The fiscal year end of Vox mobili is December 31. The consolidated financial statements of Vox mobili as of and for the years ended December 31, 2006, 2005 and 2004 included elsewhere in this Draft Red Herring Prospectus have been audited by Caprogec Audit SA, an independent registered public accounting firm. The consolidated financial statements are prepared and presented in accordance with French GAAP in Euros with a convenience translation into Indian Rupees using the Reserve Bank of India exchange rate as of the end of each period presented. The historical results do not necessarily indicate Vox mobili's expected results for any future period.

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from French GAAP; accordingly, the degree to which the French GAAP financial statements of Vox mobili included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with French GAAP. Any reliance by persons not familiar with French GAAP on the financial disclosures regarding Vox mobili presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data.

Legal Proceedings

Except as disclosed under the section "Outstanding Litigation and Material Developments" on page 254, there is currently no pending material litigation against Vox mobili or its officers and directors.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Karnataka, 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 in the State of Karnataka. 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.

Intellectual Property

Our intellectual property includes our registered intellectual property rights, including patents and patent applications made by us in relation to various inventive products and processes 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. For further details on the above, see “*Our Business – Our Intellectual Property*” on page 98.

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

- a) Technical applications of computer programs to industry; and
- b) 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 unpatentable), *inter alia*, by the existence of:

- i. any earlier patent on such invention in any country;
- ii. prior publication of information relating to such invention ;
- iii. an earlier product showing the same invention; or
- iv. a prior disclosure or use of the invention that is sought to be patented

For details in relation to the risks arising from the above position see “Risk Factors” on page xi.

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 defense 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.

An application under the PCT procedure is processed in two phases, i.e.:

- a. an international phase wherein an international application is filed in the International Bureau; and
- b. a national phase consisting of the conversion of the application into national patent applications in designated countries.

A PCT application may be filed by a national or resident of a state which is a signatory to the PCT at the patent office of such state at the WIPO International Bureau. At the filing stage, the applicant indicates those contracting states in which he wishes his application to form an effective filing. Upon filing, the invention, which is claimed under the application, is subjected to an “international search” which is carried out by an International Searching Authority identified by the patent filing office. In the event that the international search results in any evidence of prior art, which resembles the claim being searched for, the applicant has the option to either withdraw his application, or defend the claim at the national level with each national patent office. If the application is not withdrawn, it is published in the International Bureau along with the international search report and communicated to the patent office in each designated country. Subsequently, upon the applicant electing to do so, patent applications are submitted to the national phase wherein the claimed invention is examined by the national patent offices of the designated countries for grant of the patent.

Another international treaty governing international patent protection is the Paris Convention for the Protection of Industrial Property, 1883 (the “Paris Convention”). The Paris Convention requires its member countries to guarantee to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. Further, in case of patent filings in multiple jurisdictions, this treaty grants a right of priority to the applicant which means that the applicant who has filed an application in any contracting states, may apply for protection in any other contracting states within 12 months and claim priority over other applications which have been filed by other applicants during the said 12 month period.

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 favoring 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 60-year period following the death 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. In respect of computer software, these fair use exceptions would include:

- a) the making of copies or adaptations of a computer program by the lawful possessor of a copy of such computer program in order that it may be utilised for the purposes for which it was supplied;
- b) the right of the lawful possessor to obtain any other essential information for interoperability of an independently created computer program, if that information is not otherwise readily available;
- c) the observation, study, or test of functioning of the computer program in order to determine the ideas and principle which underline any elements of the program while performing such acts necessary for the functions for which the computer program is supplied; and
- d) the making of copies or adapting the computer program from a personal legally obtained copy for any non-commercial personal use.

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 Convention of International Union 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 “**Trademark Act**”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law.

Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark 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 international classes. Once granted, trademark registration is valid for ten years unless cancelled. 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.

Software Technology Parks Scheme (“STP Scheme”)

The Software Technology Parks 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:

- a. All hardware and software imports are exempt from customs duties
- b. A STP unit is exempt from payment of corporate tax upto the year 2010.
- c. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers
- d. 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;
- e. The sales in the domestic tariff area shall be permissible upto 50% of the export in value terms
- f. 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 Licence

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.

Labour laws

There are various legislations in India which have defined 'employee' and 'workman' based on factors which *inter alia* include nature of work and remuneration. People who come under the definition of workman or employee are entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Shops and Commercial Establishments Legislation

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

Karnataka Shops and Commercial Establishments Act, 1961

The Karnataka Shops and Commercial Establishments Act, 1961 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. Pursuant to the Millennium IT Policy issued by the Government of Karnataka, Section 3 of the 1961 Act has been amended to exempt IT / ITES establishments from complying with the following requirements of the Shops Act in Karnataka:

- a. Restrictions on opening and closing hours of a shop/establishment
- b. Compulsory closure of the establishment on one day of the week

Safety of Women

Under the Shops Act as it existed prior to the 2002 amendment, women were prohibited from working in night shifts. However, a relaxation was provided to information technology and information technology enabled services establishments from compliance with this provision subject to prior approval from the labour department and adherence to guidelines framed by the department in this respect.

Accordingly, the labour department has issued guidelines which seek to clearly define the level and nature of security arrangements to be provided for women employed during the night in the IT/ITES sector. The guidelines provide, *inter alia*, for establishment of a control room to monitor the movement of vehicles, posting of adequate female security guards, verification of antecedents of drivers etc to ensure the safety and security of women employees working on night shifts.

In addition to the above, pursuant to a decision of the Supreme Court, certain mandatory obligations have been imposed on employers in work places to prevent occurrence of sexual harassment. These include, *inter alia*, the setting up of an appropriate complaint mechanism for speedy redressal of complaints relating to sexual harassment.

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.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of '5 year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee.

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 Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

The Contract Labour (Regulation and Abolition) Act, 1970

The purpose of the the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment and protect the interests of labourers who are hired on the basis of individual contracts. In the event that any aspect of the activity is outsourced and is carried out by labourers hired on a contractual basis, then compliance with the the Contract Labour (Regulation and Abolition) Act, 1970 will also be necessary.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was incorporated as 'Onscan Technologies India Private Limited' on September 27, 2000 by our Promoter OMSI, which was an incubated startup of Infosys Technologies Limited ("Infosys"), to develop telecommunication software platforms and applications for the mobile telecommunications industry. Subsequently, to reflect the business of the Company of wireless applications, the name of our Company was changed to 'OnMobile Asia Pacific Private Limited' with effect from April 10, 2001 and a fresh certificate of incorporation consequent on change of name was issued by the RoC in this regard. The name of our Company was further changed to OnMobile Global Limited and status of our Company was changed to a public limited company by a special resolution of the members passed at the annual general meeting held on August 17, 2007. The fresh certificate of incorporation consequent to the change of name was granted to our Company on August 21, 2007, by the RoC.

Recent Acquisitions

Acquisition of ITfinity Solutions Private Limited

In December 2006, our Company acquired 51% share capital of a company, ITfinity, a mobile technology software specialist based in India with an expertise in developing mobile data products. The total consideration for the acquisition was Rs. 195.07 million payable by our Company in cash and issue of 5,068 Equity Shares to certain employees of ITfinity at a premium of Rs. 3,622 per share. By virtue of the acquisition, ITfinity became a subsidiary of our Company and remained so until May 14, 2007.

In order to acquire the remaining 49% of the equity of ITfinity ("**Remaining Shares**") held by Hemant Attray and Krishna Jha, the founders of ITfinity ("**Founders**"), our Company along with ITfinity and the Founders entered into a Merger-cum-Share Purchase Agreement dated December 22, 2006 ("**Merger Agreement**") wherein, the Remaining Shares were agreed to be acquired either by way of a court merger or consequently on non-occurrence of the merger by a given date, purchase of the entire Remaining Shares. Pursuant to the above, a scheme of amalgamation and arrangement was filed in the High Courts of Mumbai and Karnataka.

The parties to the Merger Agreement also entered into an escrow agreement dated December 22, 2006 ("**Escrow Agreement**"). According to the terms of the Merger Agreement, the Remaining Shares and the consideration payable shall be deposited with an escrow agent appointed by the parties and shall be released from time to time in accordance with the provisions of the Merger Agreement and the Escrow Agreement. In addition, pursuant to the merger, the Founders have become the employees of the Company and employment agreements have been entered into with each of the Founders in this regard ("**Employment Agreements**")

Further, according to the Merger Agreement, the consideration for the transaction was payable by our Company by way of issue and allotment of 30,997 Equity Shares and 21,774 optionally convertible preference shares of our Company to the Founders. Out of the total shares issued and allotted to the Founders, 24,430 Equity Shares of our Company are to remain in escrow up to the period of employment of the Founders which period shall be up to December 20, 2008 ("**Employment Period**"). After the expiration of the Employment Period, the shares are required to be released to the Founders. According to the Employment Agreement read along with the Merger Agreement and the Escrow Agreement, if in case the employment is terminated within the Employment Period due to reasons stated therein, the Equity Shares kept with the escrow agent are required to be transferred back to our Company or to Arvind Rao or Chandramouli Janakiraman at par value.

Further, the scheme of amalgamation and arrangement has been approved by the High Court of Karnataka by order dated March 27, 2007 and the High Court of Mumbai by order dated April 21, 2007. The scheme is effective from May 14, 2007 which is the last date when the copies of the orders of the High Courts of Mumbai and Karnataka sanctioning the scheme were filed with the Registrar of Companies at Mumbai and Karnataka.

Acquisition of Vox mobili S.A

Our Company acquired the entire shareholding in Vox mobili SA., a company incorporated on December 30, 1999 and registered with the Paris Trade and Companies Registry with its registered office located at 36, rue Brunel, 75017 Paris, France. The acquisition has been approved by the FIPB on September 5, 2007 made by our Company in this regard. For further details see “Shareholders’ Agreements – Share Purchase Agreement for acquisition of Vox mobili SA” at page 114 below and “Details of our Subsidiaries – Vox mobili S.A.” at page 118 below.

Proposed Joint Venture

Our Company has signed a non-binding term sheet dated March 22, 2007 with the promoters of Ver se Innovation Private Limited for the purpose of further development and commercial usage of a software developed by the promoters of the company. The software operates as a contextual diversified vertical search engine. The parties propose to achieve the stated purpose by incorporating a joint venture company (a private limited company under applicable Indian law) with 51% of the paid up equity share capital to be held by our Company and 49% by Ver se Innovation Private Limited.

Further, Ver se Innovation Private Limited vide letter dated April 30, 2007 along with its promoters requested our Company to provide it with an advance subscription amount towards subscription amount for the shares to be used towards infrastructure, including fixed assets, operational expenses and administration expenses. Further, Ver se Innovation Private Limited confirmed the provisions of the term sheet are valid and binding on the company. The company has further agreed to assign the intellectual property developed by its promoters from the date of the aforesaid letter.

Change of Registered Office

Following are the details of change of the Registered Office:

From	To	Date of Board resolution
1003-1004, Prestige Meridian II, 30, M.G.Road, Bangalore 560 001	Pavithra Complex, Site No.1, 1 st floor, 2 nd Cross, 27 th Main, BTM 1 st Stage, Bangalore 560 068	July 5, 2004
Pavithra Complex, Site No.1, 1 st floor, 2 nd Cross, 27 th Main, BTM 1 st Stage, Bangalore 560 068	No. 26, Bannerghatta Road, J.P. Nagar 3 rd Phase, Bangalore 560 076	April 14, 2006

Key Events and Milestones

Date	Event
September 2007	Acquisition of 100% of the share capital of Vox Mobli SA
July 2007	Awarded Top VAS Company of India for fiscal 2007, as per the V&D100 survey conducted by Voice&Data
December 2006	Acquisition of ITfinity and their On Device Portal services and products
September 2006	Investments by consortium of investors comprising Deutsche Bank AG, Jade Dragon (Mauritius) Limited and Kings Road Investments (Mauritius) Limited
October 2005	Launch of M-commerce services in India (railway ticketing)
October 2005	Launch of services with first media customer
November 2004	Launch of services for telecom service providers in the public sector
October 2004	Launch of services to first international telecom service customer
June 2004	Launch of ringback tone application service
June 2004	Launch of multi-modal service offerings such as music jukebox, karaoke and reverse auction
October to December 2003	Addition of three more customers in the telecom sector for speech driven products
July 2002	Launch of multi-modal voice portal platform and applications
November 2001	First customer for telecom value added services
September 2000	Incorporation of our Company and establishment of concept of products for mobile space

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:

- To carry on the business of designing, developing, researching and otherwise dealing or handling all types of telecom products, computers and computer related systems, software systems, hardware systems, communication systems, very large scale standard and semi custom integrated circuits as well as components and parts or dealing with all products and services targeted at the enterprise, wireless carrier and m-commerce markets;
- Servicing of all types of telecom and all computer related systems, communication systems, software systems, hardware systems; and
- Manufacturing, designing, developing, improving, marketing, selling and licensing telecom products, hardware, software, firmware and programs of any and all description.

Amendments to our Memorandum of Association

Since incorporation, the following changes have been made to the Memorandum of Association:

Date of Shareholders' Approval	Particulars of Amendment
August 17, 2007	Increase in the authorised capital from Rs. 50,000,000 comprising 4,500,000 Equity Shares of Rs. 10 each and 500,000 Preference Shares of Rs. 10 each to Rs. 750,000,000 comprising 7,450,000 Equity Shares of Rs. 10 each and 500,000 Preference Shares of Rs. 10 each.
July 24, 2006	Re-classification of the authorised capital by cancellation of 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000, increase of Equity Shares to 4,500,000 Equity Shares of Rs.10 each amounting to Rs. 45,000,000 and creation of 500,000 preference shares of Rs. 10 each amounting to Rs. 5,000,000.
March 5, 2001	Increase in the authorised capital from Rs. 30,000,000 comprising 1,000,000 Equity Shares of Rs. 10 each amounting to Rs. 10,000,000 and 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000 to Rs. 50,000,000 comprising 3,000,000 Equity Shares of Rs. 10 each amounting to Rs. 30,000,000 and 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000.
November 27, 2000	Increase in the authorised capital from Rs. 10,000,000 comprising 1,000,000 Equity Shares of Rs. 10 each to Rs. 30,000,000 comprising 1,000,000 Equity Shares of Rs. 10 each amounting to Rs. 10,000,000 and 2,000,000 convertible non-cumulative preference shares of Rs. 10 each amounting to Rs. 20,000,000.

Shareholders' Agreement and other Material Agreements

Agreement dated May 11, 2006

An agreement dated May 11, 2006 (“**Agreement**”) was entered into between our Company, OMSI, Argo, Arvind Rao and Chandramouli Janakiraman to agree to *inter alia* a plan of restructuring the shareholding of OMSI and our Company, amend certain Articles of Association of our Company, elect directors to the Board of our Company. The Board of our Company initially following the execution of the Agreement and upon holding a Board meeting to induct new directors was agreed to comprise H. H. Haight IV as a nominee of Argo, one Infosys nominee, Arvind Rao, Chandramouli Janakiraman and four independent directors, namely Vikram Kirloskar, Prof. Jayanth Varma, Sridar Iyengar and Naresh Malhotra. Further, it was decided to form audit and compensation committees for OMSI and our Company, wherein Argo would have the right to designate one member each of these committees. Infosys has not exercised its right to appoint a nominee on our Board.

It was further agreed that Arvind Rao would be employed by our Company as a chief executive officer. The parties further agreed that all decisions or resolutions pertaining to the business of our Company shall be made or passed with the approval of a simple majority of the Board of our Company and with the approval

of the respective committees for matter pertaining to the committees. The parties also agreed that our Company shall be managed as a professional, board-managed company and that all shareholders voting for our Company and OMSI shall be on common stock basis, and on that basis all preferred stock holders of OMSI including Infosys signed a notice electing to convert preferred stock of OMSI into common stock. Infosys currently hold 0.872% of the voting stock of OMSI. For details of the shareholding of OMSI please see "Our Promoter" on page 133.

Subsequently the plan of restructuring envisaged in the Agreement was not undertaken by the Parties. The OMSI Board on August 20, 2007 noted that the plan of restructuring as contemplated in the Agreement was not being undertaken.

Our Board by resolution dated July 12, 2007 and our members by special resolution passed pursuant to Section 81(1A) of the Companies Act dated August 17, 2007 approved this Issue. Our Board also resolved on August 21, 2007 to abandon any restructuring process until after conclusion of the IPO.

Thereafter, on September 7, 2007 the board of directors of OMSI noted that our Company was proposing an initial public offering and approved to participate in the initial public offering by way of an Offer for Sale.

Investment Agreement dated August 30, 2006

An investment agreement was entered into on August 30, 2006 as amended by an Addendum to the Investment Agreement of even date (together, the "**Investment Agreement**") between the Company, Deutsche Bank AG ("**DB**"), Jade Dragon (Mauritius) Limited ("**JD**"), Kings Road Investments (Mauritius) Limited ("**Kings Road**", collectively referred to as the "**Investor**"), OMSI (the "**Parent Company**"), Argo Global Capital LL.C ("**Argo**"), Arvind Rao (the "**Key Equity Holder 1**") and Chandramouli Janakiraman (the "**Key Equity Holder 2**", collectively referred to as the "**Key Equity Holders**") pursuant to investment by the Investor by way of subscription for the preference shares ("**New Preference Shares**") and Equity Shares (the "**New Equity Shares**"). Simultaneously, a shareholders agreement was entered into ("**Shareholders Agreement**") between the Company, Investor, the Parent Company, Argo and Key Equity Holders. The Investment Agreement and the Shareholders agreement are collectively referred to as the "**Investment Documentation**".

Further, it has been agreed that the Company, the Parent Company and the Key Equity Holders ("**Covenantors**") shall use their best endeavours that the initial public offering of the Company ("**IPO**") shall be completed within eighteen months of the second closing which was September 26, 2006.

Letter of Variation

A letter of variation ("**Letter of Variation**") has been executed on August 17, 2007 between Arvind Rao, Chandramouli Janakiraman, OMSI, Deutsche Bank AG, Jade Dragon (Mauritius) Limited, Kings Road Investments (Mauritius) Limited, our Company and Argo Global Capital in order to proceed with, and facilitate the Issue which shall be deemed completed on the date of issuance and allotment of Equity Shares by our Company as part of the Issue on or before March 31, 2008 (the "**Long Stop Date**"), in accordance with the terms and conditions of the Letter of Variation.

Pursuant to this letter, the Investor has exercised its right under the Investment Agreement to convert the 353,629 New Preference Shares into Equity Shares.

The parties have agreed that in the event the Issue is not completed by the Long Stop Date, or such later date as may be agreed to in writing by the Investors at their sole discretion, the Investment Documentation shall automatically be deemed to have stood reinstated with effect from the first day immediately following the Long Stop Date. If the Issue shall not have been completed by the Long Stop Date, the Investor shall be allotted additional shares in accordance with the provisions of the Investment Agreement.

Additionally, in the event the Issue is not completed by the Long Stop Date, OMSI and the Key Shareholders have agreed to take all such actions and do all such things, as may be required by the Investor, to ensure that the Investor is placed in materially the same position and possesses materially the same rights as though no waiver and/or amendment to the Investment Documentation and the Articles of Association of our Company had occurred.

Agreements for acquisition of Vox mobili S.A.

Share Purchase Agreement

Our Company entered into a share purchase agreement on July 18, 2007 (“**Share Purchase Agreement**”) with Nicolas Frattaroli, Eric Vieillevigne, (“**Founders**” or the “**Warrantors**”), Alessandra Vieillevigne, Cécile Frattaroli and Luc Imbert (hereinafter referred to jointly as the “**Initial Shareholders**” or individually as an “**Initial Shareholder**”), (hereinafter referred to jointly as the “**Investors**” or individually as an “**Investor**”) in the presence of Vox mobili SA. The Initial Shareholders and the Investors being hereinafter referred to jointly as the “**Vendors**”.

The Share Purchase Agreement is for purchase of the entire shareholding of Vox mobili S.A., which consists of 6,501,708 shares broken down into 2,500,000 class A shares and 4,001,708 class B shares. The maximum purchase price payable by our Company consisted of (i) EUR 22,255,192 payable in cash to the Investors and to the Founders and (ii) 32,594 Shares of our Company (the “**Purchaser’s Shares**”) payable to the Founders only (i) and (ii), collectively, the “**Maximum Purchase Price**”.

The Maximum Purchase Price corresponds to a purchase price payable by our Company to the Vendors for the Shares equal to EUR 21,035,192 (the “**Purchase Price**”), subject to an earn out valuation adjustment for a maximum amount in cash of EUR 3,520,000 based on the EBIDTA of Vox mobili S.A and its subsidiary as at December 31, 2007 (“**Earn Out Valuation Adjustment**”). The Earn Out Valuation Adjustment is payable to the Founders and FCPR ALVEN CAPITAL II (the “**Beneficiaries**”) after the closing date.

Further, certain employees of Vox mobili SA and/or its subsidiary (“**Key Employees**”) have been granted stock options under the ESOP II 2007 giving right to Purchaser’s Shares for a maximum total amount of EUR 1,300,000 in three tranches. The first tranche is for an equivalent value of EUR 400,000. The second tranche is for an equivalent value determined according to the EBIDTA. The third tranche is for an equivalent value of EUR 500,000 provided that the Key Employee concerned is still employed by Vox mobili SA 24 months after the Closing Date.

The Purchaser has deposited EUR 658,000 to be deducted from the portion of the Purchase Price to be paid to the Founders. Further, on the date of payment of the earn out valuation adjustment our Company shall, if any Earn Out Valuation Adjustment is due, deposit ten per cent (10%) of the fraction of the earn out valuation adjustment paid to the Founders (i.e., 8.295% of the Earn Out Valuation Adjustment), in an escrow account opened with a first rate French bank, pursuant to an indemnity escrow agreement.

Further our Company has deposited a fraction of the Purchase Price equal to EUR 1,885,192 in an escrow account opened with a first rate French bank.

The Share Purchase Agreement further states that each of the Warrantors shall, severally but not jointly, pro rata in accordance to the number of Shares owned by such Warrantor at Closing Date, pay to our Company or, as our Company may choose, to Vox mobili SA, under the terms and conditions stated in the Share Purchase Agreement an amount which shall cover all losses incurred by our Company or Vox mobili SA and its subsidiary (a) any increase in the liabilities or reduction in the assets of Vox mobili SA and its subsidiary, if compared to the values of the same elements set forth in accounts as of December 31, 2006 of each of Vox mobili SA and its subsidiary, where the increase in the liabilities or the reduction in the assets arises out of or results from one or more facts or events having occurred before the said date; or (b) any inaccuracy of one or several of the representations and warranties of the Warrantors set forth in the Share Purchase Agreement; or (c) any breach of or failure to perform any covenant or obligation of such Warrantor contained in Share Purchase Agreement (“**Indemnifiable Events**”).

Escrow Agreements

Our Company has executed Escrow Agreements on September 10, 2007 (“**Escrow Agreement**”) each with Nicolas Frattaroli and Eric Vieillevigne (the “**Seller**”) and a banking corporation organised under the laws of France (the “**Escrow Agent**”).

According to the terms of the Escrow Agreement, on the Closing Date, the Purchaser has transferred to an escrow account, as payment of part of the Purchase Price, an amount of EUR 942,596 (“**Initial Escrow Amount**”) (such amount, together with all interest and other income earned thereon on the Escrow Account is referred to herein as the “**Escrow Amount**”).

The Escrow Amount shall be released to the Seller, or to his legal heirs, as applicable, pursuant to the terms hereof should the Seller be employed, as at September 10, 2009, by Vox mobili SA or any other subsidiary of our Company. In the event that should the Seller retire, resign or leave Vox mobili SA within September 10, 2009 as a result of a change in his position within Vox mobili SA which materially reduces his duties and responsibilities, a reduction in his level of fix compensation without his consent, his death, permanent invalidity, serious illness or invalidity medically proven that would prevent him from working with Vox mobili S.A., the permanent invalidity or the decease or permanent invalidity of his spouse, or of one or more of his children or his dismissal for misconduct other than gross misconduct ; and otherwise, the Escrow Amount shall be released to our Company.

The Escrow Agent is required to within five (5) Business Days following the Release Date, distribute the Escrow Amount either to the Seller or to our Company. The Seller and our Company hereby agree that the payment of the Escrow Amount to the Purchaser shall constitute a reduction of the Purchase Price. The Escrow Agreement shall terminate on the Release Date.

Indemnity Escrow Agreement

Our Company has executed Indemnity Escrow Agreement on September 10, 2007 along with Nicolas Frattaroli, Eric Vieilleigne (collectively, the “**Warrantors**”) and HSBC de Baecque Beau, a banking corporation organised under the laws of France, the registered office of which is located at 3, Rue des Mathurins, 75009 Paris (the “**Escrow Agent**”).

According to the terms of the Share Purchase Agreement our Company has deposited EUR 658,000 to be deducted from the portion of the Purchase Price to be paid to the Founders. Further, on the date of payment of the earn out valuation adjustment our Company shall, if any Earn Out Valuation Adjustment is due, deposit ten per cent (10%) of the fraction of the earn out valuation adjustment paid to the Founders (i.e., 8.295% of the Earn Out Valuation Adjustment), in an escrow account opened with a first rate French bank, pursuant to an indemnity escrow agreement.

The Escrow Amount is to be held by the Escrow Agent in the Escrow Account as a security for the indemnification obligation of the Founders as provided in the Share Purchase Agreement. The Escrow Agreement also sets out the mechanism and the procedure for making claims and the delovement of the funds in the Escrow Account upon the parties, subject to the conditions stated therein.

Put Option Agreement

Our Company (“**Grantor**”) has executed Put Option Agreements on September 10, 2007 along with each Nicolas Frattaroli and Eric Vieilleigne (the “**Beneficiary**”) granting to the Beneficiary an irrevocable option (“**Option**”) to sell the 16,297 shares of the Grantor issued by the Grantor (“**Shares**”), upon the terms and conditions set forth in this Agreement.

According to the terms of the Agreement, if the Grantor fail to complete an IPO and accordingly its shares not be listed on at least one of the NSE or the BSE by March 31, 2008 at the latest, the Beneficiary may exercise the Option at the earliest on April 1, 2008 and at the latest on September 30, 2008 (or such later date as may be mutually agreed upon by the Parties). Further, the Beneficiary may exercise the Option in respect of part or all of the Shares, in one or several times subject to compliance with applicable laws. At least ninety (90) days prior to the proposed date of exercise (the “**Transfer Date**”), the Beneficiary shall serve upon the Grantor a notice in writing informing the Grantor of the proposed date of exercise of the Option (the “**Option Notice**”). The Option Notice shall be irrevocable.

Further, the Beneficiary exercise the Option as set forth herein, the price payable for each Share shall be the share price (which is EUR 70.57) subject to the provisions of FEMA. The Beneficiary by this Agreement, has accepted the Option granted to him but reserves for himself the right to exercise it or not.

For further details see “Details of our Subsidiaries – Vox mobili S.A.” at page 118 below.

Details of past performance

For details in relation to our financial performance in the previous five financial years, including details of non-recurring items of income, refer to “Financial Statements” on page 143.

Details of our Subsidiaries

OnMobile Singapore Pte Limited

OnMobile Singapore Pte Limited was incorporated on October 8, 2004 under the laws of Singapore as a private limited company. It received its registration certificate on October 11, 2004 and was allotted the registration number 200412961C. It has its registered office at No.78, Shenton Way, #26-02A, Singapore 079120. OnMobile Singapore Pte Limited became a subsidiary of our Company pursuant to the resolution passed by the Board dated August 30, 2004 approving the investment by our Company in this regard. The main objects of the company are to provide software development services, technical services and content services.

Shareholders as of September 10, 2007

The shareholding pattern of equity shares of OnMobile Singapore Pte Limited is as follows:

Sl.No	Shareholder	Number of shares	Percentage
1.	OnMobile Global Limited	84,999	99.99
2.	Chandramouli Janakiraman	1	0.01
TOTAL		85,000	100

Directors as of September 10, 2007

The Board of Directors of OnMobile Singapore Pte Limited comprises Arvind Rao, Chandramouli Janakiraman and Ong Tong Wang.

Financial performance

(In Sing\$ million except for per share data)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other income	0.36	0.24	0.002
Profit/Loss after tax	0.0008	(0.001)	(0.04)
Reserves and Surplus	(0.04)	(0.04)	(0.04)
Equity capital (par value Sing\$ 1)	0.08	0.08	0.01
Earnings per share (In Sing\$)	0.009	(0.02)	(4.40)
Book value per share (In Sing\$)	0.47	0.46	(0.34)

The Sing\$ amounts mentioned above have been converted into Rupees on the basis of the relevant exchange rate as of March 31 of each year and presented below.

(In Rs. million except for per share data)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other income	10.38	6.62	0.04
Profit/Loss after tax	0.02	(0.04)	(1.17)
Reserves and Surplus	(1.28)	(1.25)	(1.17)
Equity capital	2.43	2.34	0.27
Earnings per share	0.26	(0.50)	(116.72)
Book value per share	13.55	12.78	(90.20)

OnMobile Australia Pty Limited

OnMobile Australia Pty Limited was incorporated on March 9, 2005 under the laws of Australia as a proprietary company limited by shares. It received its registration certificate on March 9, 2005 and was allotted the registration number 113 301 938. It has its registered office at Suite 1, Level 20, 99, Walker Street, North Sydney, NSW 2060. OnMobile Australia Pty Limited became a subsidiary of our Company pursuant to the resolution passed by our Board dated May 26, 2005, approving the investment by our Company in this regard. The company is involved in the business of providing value added services.

The Board by resolution dated January 17, 2007 approved winding up of OnMobile Australia Pty Limited and conversion into a branch office of our Company in order to avail the tax benefits available for the overseas branch model. Our Company has obtained a certificate of registration of a foreign company bearing Australian registered body number 126060651 dated June 20, 2007 in this regard.

Shareholders as of September 10, 2007

The shareholding pattern of equity shares of OnMobile Australia Pty Limited is as follows:

Sl.No	Shareholder	Number of shares	Percentage
1.	OnMobile Global Limited	100,000	100
	TOTAL	100,000	100

Directors as of September 10, 2007

The Board of Directors of OnMobile Australia Pty Limited comprises Chandramouli Janakiraman, Pratapa P. Bernard and Anand Rao.

Financial performance

(In AUD million except share data)

	Fiscal 2007	March 9, 2005 to March 31, 2006
Sales and other income	0.872	0.296
Profit/Loss after tax	(0.001)	0.001
Reserves and Surplus	(0.0001)	0.001
Equity capital (par value AUD 1)	0.100	0.100
Earnings per share (In AUD)	(0.009)	0.008
Book value per share (In AUD)	0.999	1.008

The AUD amounts mentioned above have been converted into Rupees on the basis of the relevant exchange rate as of March 31 of each year and presented below.

(In Rs. except for per share data)

	Fiscal 2007	March 9, 2005 to March 31, 2006
Sales and other income	30.62	9.39
Profit/Loss after tax	(0.03)	0.03
Reserves and Surplus	(0.00)	0.03
Equity capital	3.51	3.17
Earnings per share	(0.32)	0.26
Book value per share	35.06	31.98

PT OnMobile Indonesia

PT OnMobile Indonesia received its approval for investment in Indonesia by approval no.71/1/PMA/2007 dated January 17, 2007 issued by the Investment Coordinating Board, Indonesia entitling the company to operate the business with a status of unlimited liability company. It received the Ministry of Justice, Republik Indonesia approval dated August 23, 2007 pursuant to which the status of the company changed to a limited liability company. It has its registered office at Ariobimo Central Building, Lantai 4, Jl.HR. Rasuna Said Blok X-2 No.5, Jakarta Selatan 12950. The main objects of the company include management and business consultancy services in information technology.

Shareholders as of September 10, 2007

The shareholding pattern of equity shares of PT OnMobile Indonesia is as follows:

Sl.No	Shareholder	Number of shares	Percentage
1.	OnMobile Global Limited	99,900	99.90
2.	Chandramouli Janakiraman	100	0.10
	TOTAL	100,000	100

Directors as of September 10, 2007

The board of directors of PT OnMobile Indonesia comprises Rajesh Moorti and Chandramouli Janakiraman.

Financial performance

The company has not yet completed a financial year.

Phonetize Solutions Private Limited

Phonetize Solutions Private Limited was incorporated on December 12, 2005 with CIN U72100MH2005PTC157968. It was a subsidiary of ITfinity. Pursuant to the acquisition of ITfinity by our Company, whereby which it became a Subsidiary of our Company. The registered office of the company is at # 505, Acropolis, Military Road, Marol, Andheri (East), Mumbai – 400059.

The main objects of the company include carrying out in India or elsewhere the business of developing, improving, designing, analysing, selling, distribution, importing, exporting, marketing, implementing, consulting and/or licensing computer software, hardware and programme packages and provide a wide variety of software implementation services including custom application development, application set up data processing, all business relating to internet, development of software application based on internet or other technologies, selling of content to mobile subscribers, offering mobile connectivity and platforms to customers and to act as internet services provider, providing satellite up linking and gateways.

Shareholders as of September 10, 2007

Sl.No	Shareholder	Number of shares	Percentage
1.	OnMobile Global Limited	9,999	99.99
2.	Krishna Jha	1	0.01
TOTAL		10,000	100

Directors as of September 10, 2007

The board of directors of Phonetize Solutions Private Limited comprises Krishna Jha and Hemant Attray.

Financial performance

(In Rs. million except for per share data)

	Fiscal 2007	Fiscal 2006
Sales and other income	0	0
Profit/Loss after tax	(0.026)	0
Reserves and Surplus	(0.026)	0
Equity capital (par value Rs. 10)	0.100	0.100
Earnings per share (in Rs.)	(2.64)	0
Book value per share	7.36	0

Vox mobili SA

Vox mobili SA was incorporated on December 30, 1999. The company is registered with the Paris Trade and Companies Registry under registration number 428 720 643 R.C.S. PARIS / 1999 B 20258. The registered office of the company is located at 36, Rue De Brunel, 75017 Paris, France. The main corporate purpose of the company include study, realisation, maintenance, management or marketing of any system, equipment or service in the field of telecommunication, computing, telematics and communication in France and outside of France. The acquisition of Vox mobili SA was approved by the FIPB on September 5, 2007.

Shareholders as of September 10, 2007

Sl.No	Shareholder	Number of shares	Percentage
1.	OnMobile Global Limited	6,501,705	100.00
2.	Arvind Rao	1	0.00
3.	Sandhya Gupta	1	0.00

4.	Amit Kumar Dey	1	
	TOTAL	6,501,708	100.00

Directors as of September 10, 2007

The Board of Directors of Vox mobili SA comprises Arvind Rao, Sandhya Gupta and Amit Kumar Dey.

Financial performance

(In EUR million except for per share data)

	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004
Sales and other income	4.97	3.46	3.76
Profit/Loss after tax	0.87	0.25	0.27
Reserves and Surplus	4.24	3.38	3.12
Equity capital (par value EUR 0.05)	0.33	0.33	0.33
Earnings per share (EUR)	0.13	0.04	0.04
Book value per share	0.70	0.57	0.53

The EUR amounts mentioned above have been converted into Rupees on the basis of the relevant exchange rate as of March 31 of each year and presented below.

(In Rs. million except share data)

	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004
Sales and other income	289.40	185.48	212.06
Profit/Loss after tax	50.58	13.54	15.34
Reserves and Surplus	247.24	180.76	176.09
Equity capital	18.94	17.41	18.33
Earnings per share	7.78	2.08	2.36
Book value per share	40.94	30.48	29.90

Vox mobili Inc.

Vox mobili Inc. was incorporated on December 6, 2003 under the laws of the State of Washington, the registered office of which is located at Centris Bellevue, 10900 NE 4th Street, Suite 2300 Bellevue, State of Washington 98004, United States. It was a subsidiary of Vox mobili SA. Pursuant to the acquisition of Vox mobili SA by our Company, whereby which it became a Subsidiary of our Company. The company is principally organized for the studies, testing, integration and support of Voxmobili SA products in the US territory, in order to provide a local support to Voxmobili SA customers in the U.S. In addition, the company may develop, sell or resell Voxmobili SA products or other third parties products in the US.

Shareholders as of September 10, 2007

Sl.No	Shareholder	Number of shares	Percentage
1.	Vox mobili SA	1,000	100
	TOTAL	1,000	100

Directors as of September 10, 2007

The Board of Directors of Vox mobili Inc. consists of Arvind Rao as sole director.

Financial performance

(In USD million except for per share data)

	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004
Sales and other income	0.112	0.089	0.214
Profit/Loss after tax	(0.014)	(0.129)	(0.067)
Reserves and Surplus	(0.271)	(0.257)	(0.128)
Equity capital (par value USD 1)	0.001	0.001	0.001
Earnings per share (USD)	(15)	(129)	(67)

Book value per share	(270)	(256)	(127)
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The USD amounts mentioned above have been converted into Rupees on the basis of the relevant exchange rate as of March 31 of each year and presented below.

(In Rs. Million except for per share data)

	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004
Sales and other income	5.096	3.926	9.725
Profit/Loss after tax	(0.657)	(5.677)	(3.055)
Reserves and Surplus	(12.290)	(11.324)	(5.803)
Equity capital	0.045	0.044	0.045
Earnings per share	(658)	(5,677)	(3,055)
Book value per share	(12,245)	(11,280)	(5,758)

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than three directors and not more than twelve directors. We currently have seven 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 Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age (In Years)	Other Directorships
Arvind Rao S/o Dr. Mohan G.Rao Flat No. 8C, Oyster Building Pilot Bunder Road, Navy Nagar Colaba Mumbai 400 005 India Managing Director and Chief Executive Officer Entrepreneur Wholetime Director	United States of America (Person of Indian Origin)	00427618	49	Indian Companies (1) RiffMobile Private Limited (2) Mobile Traffik Private Limited Foreign Companies (3) OnMobile Sytems, Inc. (4) OnMobile Singapore Pte Limited (5) Vox mobili SA
Chandramouli Janakiraman S/o Venkatraman Janakiraman F-103, Adarsh Residency 47 th Cross, Jayanagar, 8 th Block Bangalore 560 082 India Chief Technology Officer Software Engineer Wholetime Director	Indian	00427778	39	Indian Companies (1) Ver Se Innovations Private Limited Foreign Companies (2) OnMobile Singapore Pte Limited (3) OnMobile Australia Pty Limited (4) PT OnMobile Indonesia
H.H. Haight IV S/o Henry Huntly Haight IIIrd 25, Beaver Pond Road Beverly MA 01915 USA Non-executive Director Venture Capitalist Liable to retire by rotation	United States of America	00632900	74	Foreign Companies (1) OnMobile Systems, Inc. (2) Genelabs Technology Inc. (3) Maxager Technology Inc. (4) Argo Global Capital, Inc. (5) Argo Holding, LP. (6) Argo Global Capital Corp. (7) Telecom Investment Inc. (8) Neural Technologies, Limited (9) Chinatron Group Holdings Limited (10) Argnor Wireless Ventures B.V.

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age (In Years)	Other Directorships
				(11) BPHC (12) SP Industries Inc. (13) Nostix, LLC (14) GIV Venture Partners
Sridar A. Iyengar S/o Krishnaswamy Arvamudhan Iyengar 85, Fair Oaks Lane, Atherton CA 94027 U.S.A. Independent Director Service Liable to retire by rotation	Indian	00278512	60	Indian Companies (1) Infosys Technologies Limited (2) Infosys BPO Limited (formerly named as Progeon Limited) (3) ICICI Bank Limited (4) Rediff.com India Limited Foreign Companies (5) Kovair Software Inc. (6) Mango Analytic Inc. (7) Rediff Holding, Inc. (8) American India Foundation (9) Foundation for Democratic Reforms in India
Vikram S. Kirloskar S/o Late Shreekant Shantanu Kirloskar 202A, Embassy Place 16, Cunningham Road Bangalore 560 052 India Independent Director Industrialist Liable to retire by rotation	Indian	00007907	48	Indian Companies (1) Kirloskar Systems Limited (2) Kirloskar Brothers Limited (3) Kirloskar Oil Engines Limited (4) Kirloskar Pneumatic Company Limited (5) Kirloskar Theratronics Private Limited (6) Kirloskar Toyoda Textile Machinery Private Limited (7) Toyota Kirloskar Auto Parts Private Limited (8) Toyota Kirloskar Motor Private Limited Trusts (9) Rooplekha (Life Interest) Trust (10) Fairvalue Trust (11) The Mysore Kirloskar Charitable

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age (In Years)	Other Directorships
				Trust (12) The Mysore Kirloskar Officers' Superannuation Trust (13) The Mysore Kirloskar Officers' Group Gratuity Fund
Naresh K. Malhotra S/o Som Dutta Malhotra No.31, 2 nd Main, Defence Colony Indiranagar Bangalore 560 038 India Independent Director Business Liable to retire by rotation	Indian	00200322	60	Indian Companies (1) N.M Properties & Consulting Private Limited (2) Bluestar Infotech Limited (3) Amalgamated Bean Coffee Trading Co. Private Limited (4) Venture Infotek Global Private Limited (5) Tarang Software Technologies Private Limited (6) Gignext Solutions India Private Limited (7) Balan Natural Foods (P) Limited (8) Royal Orchid Hotels Limited (9) Printo Documents Services Private Limited Foreign Companies (10) Venture Infotek Inc. Sole Proprietorship (11) NKM Consulting Other Associations (12) Spastics Society of Karnataka
Prof. Jayanth RamaVarma S/o Narayana Rama Varma 318, Indian Institute of Management Vastrapur, Ahmedabad Gujarat 380 015 India Independent Director Professor Liable to retire by rotation	Indian	00402667	47	Indian Companies (1) Infosys BPO Limited (formerly named as Progeon Limited) (2) Axis Bank (formerly called UTI Bank Limited)

Brief Biographies of our Directors

Arvind Rao graduated with a Bachelor of Technology degree from the Indian Institute of Technology, Mumbai, Master of Science degree from the University of Wisconsin, Madison and a Master of Business Administration degree from the Wharton School, the University of Pennsylvania. He has been with OMSI, our Promoter, since inception in 2000. Prior to joining our Company, he was Field Engineer at Schlumberger Wireline Services in Thailand, China and Malaysia, Senior Engagement Manager at McKinsey & Company in New York and India, Private Equity Investment Manager at the Chatterjee Group in New York and India between 1987 and 1999 and Managing Director Technology investments at Gilbert Global Equity Partners in New York. He has over two decades of experience in financial services, IT and the telecom industry. He was appointed as Managing Director by the Board at their meeting held on July 24, 2006 for a period of five years.

Chandramouli Janakiraman graduated with a Bachelor of Technology degree from National Institute of Technology, Allahabad. He has over 19 years of experience in the software industry. He has previously served as Associate Vice President and Head of the Internet Products Group in Infosys Technologies Limited. In 2000, he left Infosys and co-founded OMSI. He was appointed as a director by the shareholders at the AGM held on May 12, 2003.

H.H. Haight IV graduated with a Bachelor of Science degree from the University of California, Berkeley and a Master of Business Administration degree from Harvard Business School. He has over 20 years of experience in the leadership and growth of various enterprise companies. He has previously served as a Manager in Advent International Corp and Chief Executive Officer in Argo Global Capital, LLC. He has been appointed as a non-executive Director by the shareholders of our Company at the AGM held on August 17, 2007.

Prof. Jayanth Rama Varma graduated with a Bachelor of Commerce degree from Bangalore University. He did his post-graduation in management from the Indian Institute of Management, Ahmedabad, where he was awarded a gold medal for his scholastic performance. He also obtained the Fellow of the the Institute of Management, Ahmedabad and is also a qualified cost accountant from Institute Cost and Works Accountants. He has over 20 years of teaching, research and consulting experience in the field of finance. He has previously served as a full-time member of SEBI and as Chairman of various committees formed by SEBI and the Department of Company Affairs. He is a professor of the Indian Institute of Management, Ahmedabad. He has been appointed as an independent Director by the shareholders of our Company at the AGM held on August 17, 2007.

Naresh K. Malhotra graduated with a Bachelor of Commerce degree from St. Xaviers College, Calcutta University. He qualified as a Chartered Accountant in 1970 trained with Price Waterhouse. He has over 35 years of experience in India and overseas in various companies including ICI, Unilever, Colgate Palmolive, Bukhatir Investments, the U B Group, KPMG and Amalgamated Bean Coffee Trading Company. He has previously served as founding partner and managing director of corporate finance in KPMG in India. He is on the board of directors of Blue Star Infotech Limited, Royal Orchid Hotels Limited, Amalgamated Bean Coffee Trading Company Limited (Coffee Day) and a number of other Companies. He is also an advisor to GIV Management Inc., a Washington based venture capital company. He has been appointed as an independent Director by the shareholders of our Company at the AGM held on August 17, 2007.

Sridar A. Iyengar is a fellow of the Institute of Chartered Accountants, England and Wales. He has over 38 years of experience in corporate finance and accounting. He has previously served as chairman and chief executive officer at KPMG, India operations. He is associated with Bessemer Venture Partners and is an independent director of various companies including Infosys Technologies Limited, ICICI Bank Limited and Rediff.com. He has been appointed as an independent Director by the shareholders of our Company at the AGM held on August 17, 2007.

Vikram S. Kirloskar graduated with a Bachelor of Engineering (Mechanical) from the Massachusetts Institute of Technology, Cambridge, USA. He has over 24 years of experience in the business of manufacturing automobiles and auto parts. He has successfully set up a joint venture with Toyota, Japan called Toyota Kirloskar Motor Private Limited, which manufactures automobiles in India. He is the chairman and managing director of Kirloskar Systems Limited, vice chairman of Toyota Kirloskar Motor Private Limited and Toyota Kirloskar Auto Parts Private Limited. He is a member of the National Council of Confederation of Indian Industry. He has been conferred with the Suvarna Karnataka award by the Karnataka Government, in recognition of his efforts in expanding and developing industry within the state.

He has been appointed as an independent Director by the shareholders of our Company at the AGM held on August 17, 2007.

Borrowing powers of the Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Our Members, have pursuant to a resolution passed at the AGM dated August 17, 2007 authorised the Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs. 2,000 million at any time.

Corporate Governance

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. The 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 the Board has seven 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, our Company has two executive Directors, one non-executive Director and four independent Directors on the Board.

Audit Committee

The audit committee was constituted by the Board at its meeting held on August 31, 2006 (“**Audit Committee**”). The objective of the Audit Committee is to oversee and monitor the financial reporting processes in order to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial information. The Audit Committee consists of Prof. Jayanth Rama Varma (Chairman), H.H.Haight IV and Naresh K. Malhotra.

The terms of reference of the audit committee are as follows:

- Reviewing quarterly, half yearly and annual financial statements before submission of the same to the Board of Directors
- Approving internal audit plans and reviewing efficacy of the function periodically
- Discussions with statutory auditors about the internal control systems, scope of their audit including the observations of the auditors
- Obtain from the statutory auditors periodic formal written statements delineating all the relationships between the auditor and the Company consistent with applicable regulatory requirements and presenting the statement to the Board of Directors
- Discussion and review of periodic audit reports
- Investigating any activity that may be referred by the Board from time to time
- Ensure that statutory compliances are met with adequately with the help of external legal or professional advice if any required
- To meet periodically as it may deem fit to meet its objectives and shall have at least four such meetings in a financial year on a quarterly basis
- Report periodically to the Board on significant results of the foregoing activities
- Seek information from employees to discharge the abovementioned responsibilities

Compensation Committee

The compensation committee was constituted by the Board at its meeting held on August 31, 2006 (“**Compensation Committee**”). The main purpose of the Compensation Committee is to evaluate and approve the compensation plans, policies and programmes of the executive directors and senior management and to administer various stock option plans of our Company. The Compensation Committee consists of Sridar A. Iyengar (Chairman), H.H.Haight IV and Vikram S. Kirloskar.

The terms of reference of the Compensation Committee are as follows:

- Annual review of the salary, bonus and other compensation plans of all the officers of the Company drawing a salary greater than Rs. 2.5 million per annum
- Review and approve the salary, bonus and compensation plans for all the executive directors of the Company
- Administer the implementation and award of stock options under various stock option plans of the Company
- Recommend to the Board of Directors of the Company on any other employment incentives as the compensation committee deems it appropriate in the best interests of the Company

Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee was constituted by our Board at their meeting held on April 20, 2007. This Committee formed to specifically look into the redressal of shareholder and investor complaints pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Share Transfer and Investor Grievance Committee consists of Vikram Kirloskar (Chairman), Naresh Malhotra and Chandramouli Janakiraman.

The terms of reference of the Share Transfer and Investor Grievance Committee are as follows:

- To approve and register, transfer and/or transmission of all classes of shares
- To look into the redressal of shareholder and investor complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers

IPO Committee

The IPO Committee was constituted by our Board at their meeting held on April 20, 2007. The committee consists of Arvind Rao (Chairman), Naresh Malhotra and H.H. Haight IV. The committee has been constituted to decide all matters relating to the Issue and allotment of shares of the Company in accordance with the applicable rules and regulations. The powers of the committee include, deciding on the timing, pricing and other terms of the issue of shares for the Issue, appointment of book running lead managers, underwriters, syndicate members, registrars, legal advisors and other agencies for the Issue, to settle and execute the DRHP, RHP, Prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents and agreements required for the Issue.

Shareholding of the Directors in our Company

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding	Post-Issue Percentage Shareholding
1.	Arvind Rao	5,340,517	10.95	9.30
2.	Chandramouli Janakiraman	2,233,673	4.58	3.89
	TOTAL	7,574,190	15.53	13.19

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 in the Equity Shares, if any, held by them or the options held by them granted pursuant to the ESOP Plans 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 and other distributions in respect of the said Equity Shares. Arvind Rao and Chandramouli Janakiraman are entitled to receive remuneration from us.

All the non-executive and independent directors are entitled to receive sitting fees for attending the Board/committee meetings and commission based on the net profits of our Company within the limits laid down in the Companies Act.

Except as stated in the section titled “Related Party Transactions” on page 140, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus.

Remuneration of the Directors

Arvind Rao

Arvind Rao was appointed as a Director pursuant to a resolution of our shareholders at AGM dated February 12, 2001 and was declared as a permanent director pursuant to a resolution of our shareholders at EGM dated October 17, 2003. He has been appointed as a Managing Director for a period of five years with effect from July 24, 2006 pursuant to resolution passed by the Board at their meeting held on July 24, 2006. Further, an employment contract dated August 24, 2007 has been executed between our Company and Arvind Rao which contract has been approved by the resolution of the Compensation Committee dated July 12, 2007. The material terms of the contract are follows:

Clause	Particulars
Period of Appointment	Appointed as managing director, for a period of 5 years effective July 24, 2006
Compensation	Rs. 10,350,000 as fixed compensation and with a variable bonus of 100% of the aforesaid fixed compensation, based on meeting agreed key performance indicators and evaluation by the Compensation Committee. The variable bonus could be less than, or exceed the 100% based on actual performance against agreed targets, and will be determined by the Compensation Committee. The fixed compensation can be delivered to him in any form including housing allowance, monthly cash salary, house maintenance allowance, etc such that the after-tax cost to our Company is not worse off than if the entire amount was paid to him in cash. Such evaluation will be completed within 30 days of the end of the fiscal year, and the bonus shall be paid upon completion of such evaluation.
Transport	A fully maintained vehicle including driver, paid for by the Company. After such vehicle is fully depreciated in the Company’s books, the title changes over to him for no consideration subject to the terms and conditions of the Company’s car policy as amended from time to time.
Superannuation	Superannuation and other such statutory welfare benefits shall be payable in accordance with the regulations under the appropriate laws.
Insurance	Medical insurance as per company practices. Additionally the Company will pay for major medical surgery overseas if he deems this required rather than having such surgery done in India.
Other	He shall be entitled to upto 3 club memberships which shall be paid for by the Company
Other Conditions	<ul style="list-style-type: none"> • He shall not engage in any other business conflicting with the business interests of the Company unless approved by the Board of Directors of the Company • The Company shall reimburse his travelling expenses in connection with the Company’s business as per the Company’s policy • 20 working days paid vacation per year, accruable • He will be covered under accident insurance as per company norms and in case of accidents leading to partial disablement the company will pay short-term disability to him equal to his salary at time of accident, for a period of 12 months post the accident, and in case of total disablement the company will pay him three years of salary computed at the same rate as that prevailing at the time of accident
Termination	This Employment shall be liable to be terminated by either party by giving a prior notice of 6 months to the other party or on payment of remuneration in lieu thereof. In the event of the Company terminating his services due to redundancy arising out of strategic changes to the business including the closure of business or change in ownership or control or merger, the Company shall be liable to pay a terminal compensation or redundancy payment equivalent to the remuneration of 18 months compensation paid in cash based on previous financial years compensation plus accelerated full vesting of all stock options held at time of termination plus forgiveness of any and all outstanding loans from Company including transfer of any vehicles used by him at time of termination, and any other appropriate statutory compensation

applicable to this employment.

In line with the decision by the Compensation Committee on July 12, 2007, a revised remuneration letter dated July 12, 2007 has been issued to Arvind Rao stating the following details of remuneration payable with effect from July 1, 2007:

Details of Compensation Structure	Revised Annual (In Rs.)
Basic Salary	2,778,300
Conveyance Allowance	9,600
Medical Reimbursement	15,000
Leave Travel Allowance	514,500
Special Allowance	2,523,204
Providend Fund	333,396
Sub Total (A)	6,174,000
Other Benefits paid by the Company	
House Rent	1,255,000
Car (Old) Insurance Premium	29,000
Fringe Benefit Tax on Car (Old) Insurance Premium	2,000
Depreciation on Car (New)	2,804,000
Fringe Benefit Tax on Depreciation on Car (New)	86,000
Sub Total (B)	4,176,000
Annual Fixed Compensation (A + B)	10,350,000
Variable Compensation* (100% of Annual Fixed @ 100% Payout)	10,350,000
Annual Gross Compensation	20,700,000

* 0 to 100% of the Annual Fixed Compensation as variable, based upon achievement of performance targets as determined by the Compensation Committee. This will be paid annually.

Chandramouli Janakiraman

Chandramouli Janakiraman was appointed as a director of our Company pursuant to a resolution of our shareholders at AGM dated May 12, 2003 and was declared as a permanent director pursuant to a resolution of our shareholders at EGM dated October 17, 2003. Further, he was designated as a whole-time Director of our Company by resolution of the Board dated July 24, 2006. Pursuant to the resolution by the Compensation Committee on July 12, 2007 a letter dated July 13, 2007 was issued to him stating the revised terms of the remuneration with effect from August 1, 2007 as follows

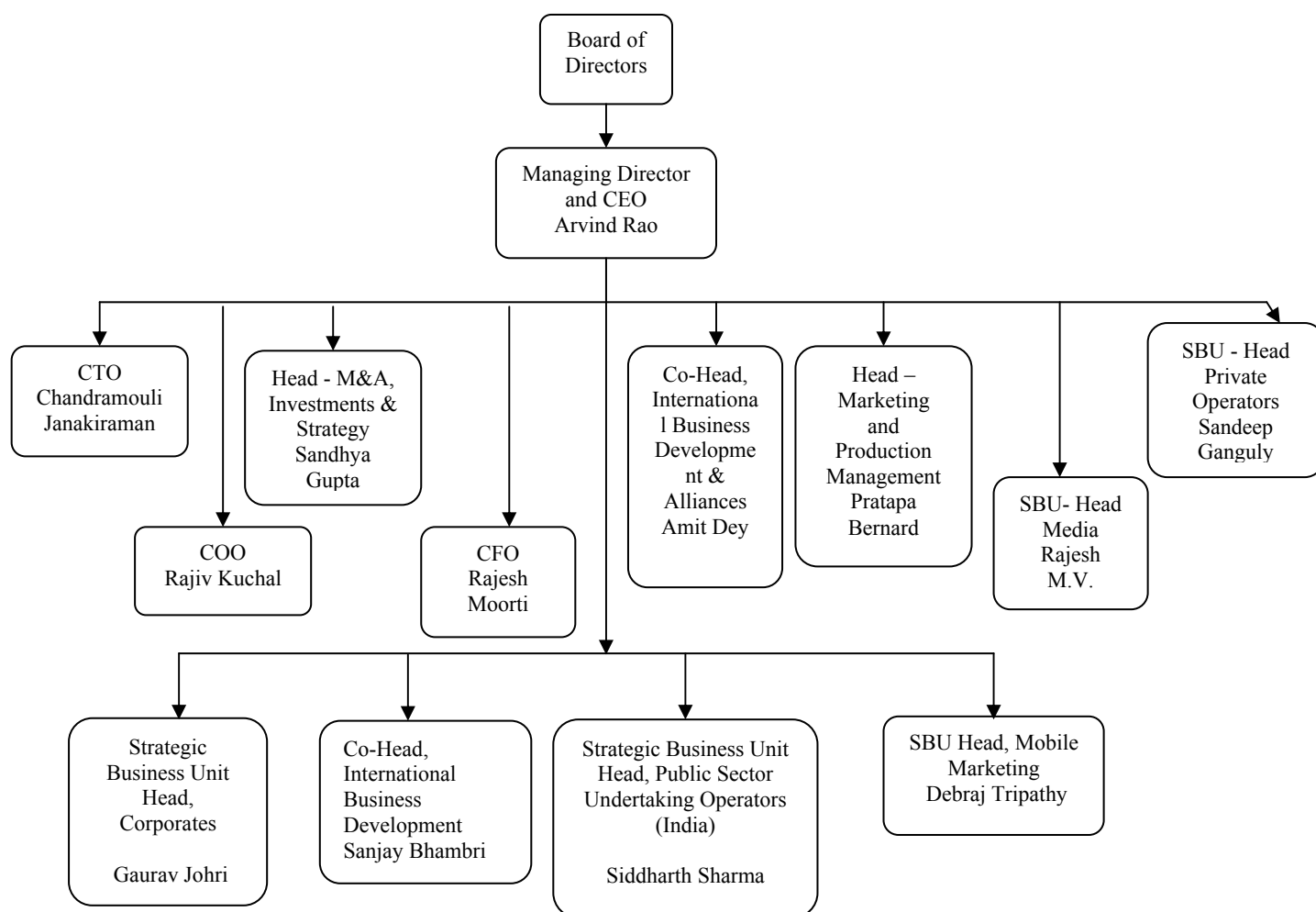
Details of Compensation Structure	Revised Annual (In Rs.)
Basic Salary	1,653,750
House Rent Allowance	744,188
Conveyance Allowance	9,600
Medical Reimbursement	15,000
Leave Travel Allowance	306,250
Special Allowance	747,762
Providend Fund	198,450
Annual Fixed Compensation	3,675,000
Variable Compensation* (100% of Annual Fixed @ 100% Payout)	3,675,000
Annual Gross Compensation	7,350,000
Other Benefits	<ul style="list-style-type: none"> • Gratuity payout, calculated on the basis of last drawn salary • Medical insurance coverage of Rs. 300,000 for employee and family member under the Mediclaim Insurance • Accident insurance coverage of Rs. 800,000 for employee under the Group Insurance scheme

* 0 to 100% of the Annual Fixed Compensation as variable, based upon achievement of performance targets as determined by the Compensation Committee. This will be paid annually.

Changes in the Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
S.N.Mishra	December 3, 2003	December 23, 2004	Resignation
Naina Krishnamurthy	December 3, 2003	December 23, 2004	Resignation
Naresh K. Malhotra	August 17, 2007	-	Appointment
Prof. Jayanth Rama Varma	August 17, 2007	-	Appointment
Vikram S. Kirloskar	August 17, 2007	-	Appointment
Sridar A. Iyengar	August 17, 2007	-	Appointment
H.H. Haight IV	August 17, 2007	-	Appointment
Anthony F. Correa	October 12, 2006	August 17, 2007	Resignation

Managerial Organisational Structure



Key Managerial Personnel

In addition to our whole-time Directors, Arvind Rao and Chandramouli Janakiraman, whose details have been provided under “Biographies of our Directors” on page 124, following are the other key managerial employees of our Company.

Amit Kumar Dey, 38 years, is the Co-Head of International Business Development & Alliances of our Company. Amit played a key role in establishing our business in India, and is currently in charge of Sales and Business Development in markets west of India including the Americas and Europe. He is also handling strategic alliances with large global distributors and resellers for our products and services. He was appointed by our Company on June 1, 2001. He holds a Bachelor of Engineering degree from Jadavpur University, Calcutta, and a master of business administration degree from the Indian Institute of

Management, Calcutta. Prior to joining our Company, he worked as an account manager at Ericsson India Private Limited between 1997 and 2000 and as a project coordinator at Nokia India Private Limited between 1995 and 1997. He has over 17 years of experience in the manufacturing and telecommunications industry. The remuneration paid to him in Fiscal 2007 was Rs. 4.30 million.

Debraj Tripathy, 38 years, is the Strategic Business Unit Head, Mobile Marketing of our Company. He carries the overall responsibility for Mobile Marketing including m-advertising. He was appointed by our Company on August 16, 2007. He has over 13 years of experience in the Media and Advertising industry. He received his Bachelor of Engineering degree in Electronics and Telecommunications from Sambalpur University, Orissa and Post Graduate Diploma in Business Administration from Indian Institute of Management, Calcutta. Prior to joining our Company, he was the Managing Director at Sieger Solutions, a 100% owned subsidiary of Deccan Chronicle Holdings. He has worked with WPP Group companies (Ogilvy & Mather and GroupM) for 12 years. The remuneration payable to him in Fiscal 2008 shall be Rs. 7.76 million.

Gaurav Johri, 36 years, is the Strategic Business Unit Head, Corporates of our Company. He carries the overall responsibility for serving our corporate customers, which includes developing and taking to market new products and services for this market segment. He was appointed by our Company on October 27, 2006. He received a Bachelor of Engineering degree from Banaras Hindu University and a Master of Business Administration degree from the Indian Institute of Management, Kolkata. Prior to joining our Company, he worked as a Group Engagement Manager with the Banking and Capital Markets Practice at Infosys Technologies Limited. He has worked with Infosys Technologies Limited for 9 years in various leadership roles, sales, consulting and delivery in the North American market. He has over 13 years of experience in IT and mobile services industry. The remuneration paid to him in Fiscal 2007 was Rs. 1.90 million.

Pratapa Bernard, 38 years, is the Head, Marketing and Product Management of our Company. He carries the overall responsibility for defining the product strategy for our Company as well as ensuring that our products are supported and enhanced post deployment. He was appointed by our Company on August 7, 2000. Thereafter, he worked as Country Manager and Business Head, OnMobile Australia to oversee operations of our Company in Australia and New Zealand. He received a Bachelor of Engineering degree from Bangalore University and also holds a Post Graduate Diploma in Marketing Management. He was formerly the Country Manager, eBusiness Solutions at IBM between January 1993 and July 2000 and Senior Customer Services Engineer at Pertech Computers Limited between July 1990 to December 1992. He has over 17 years of experience in the IT and Telecommunications industry. The remuneration paid to him for Fiscal 2007 was AUD 180,000.

Rajesh Moorti, 41 years, is the Chief Financial Officer of our Company. He carries the overall responsibility for the legal, secretarial, finance and administration functions of our Company. He was appointed by our Company on April 3, 2006. He received a Bachelor of Commerce degree from Bangalore University and qualified as a Chartered Accountant from The Institute of Chartered Accountants of India and qualified as a Cost Accountant from The Institute of Cost and Works Accountants of India. Prior to joining our Company, he worked with Hindustan Lever Limited between 1992 and 1998 where his last designation was Commercial Manager. He worked with Sara Lee Corporation, UK, between 1998 and 2006 where his last designation was Director, Financial Planning and Control. He has over 17 years of experience in consumer durables and non-durables industry. The remuneration paid to him in Fiscal 2007 was Rs. 3.30 million.

Rajesh M.V., 38 years, is the Strategic Business Unit Head, Media of our Company. He carries the overall responsibility for working with Media Houses in India and driving media-based, telecom value-added services which generate new revenue streams for media clients from the mobile sector. He was appointed by our Company on November 15, 2004. He received a Bachelor of Science degree and a Master of Science degree in Mathematics from Sathya Sai Institute of Higher Learning, Andhra Pradesh. Prior to joining our Company, he worked as a media planner at J. Walter Thompson, Bangalore (previously called Hindustan Thompson Limited), as Supervisor for Media Planning at Mudra Communications India Private Limited, as Senior Consultant, Media Planning at Ogilvy & Mather and as Planning Director at Group M Private Limited, all between 1993 and 2004. He has over 13 years of experience in the media and advertising industry. The remuneration paid to him in Fiscal 2007 was Rs. 2.5 million.

Rajiv Kuchhal, 41 years, is the Chief Operating Officer of our Company. He carries the overall responsibility for delivery and operations to ensure customer satisfaction. He was appointed by our

Company on May 2, 2006. He received Bachelor of Technology from Indian Institute of Technology, New Delhi. Prior to joining our Company, he was Head of Business Transformation at Progeon Limited (now known as Infosys BPO Limited). Before joining Progeon Limited, he worked with Infosys Technologies Limited where his last designation was Practice Head, Communication and Product Services. He was Assistant Manager at Telecommunications Consultants India Limited between 1986 and 1990. He has nearly 21 years of experience in IT and ITeS industries. The remuneration paid to him in Fiscal 2007 was Rs. 3.05 million.

Sandeep Ganguly, 36 years, is the Strategic Business Unit Head, Private Operator (India) of our Company. He carries the overall responsibility for handling the private telecom operator market in India. He was appointed by our Company on January 24, 2005. He received a Bachelor of Engineering degree in Electronics and Communication from Pune University and a Post Graduate Diploma in Business Administration in Marketing from the Indian Institute of Management, Calcutta. Prior to joining our Company, he was Senior Manager at Hughes Escorts Communication Limited between 1995 and 2005. He has over 12 years of experience in telecommunications industry. The remuneration paid to him in Fiscal 2007 was Rs. 2.30 million.

Sandhya Gupta, 37 years, is the Head, Mergers and Acquisitions, Investments and Strategy of our Company. She carries the overall responsibility for M&A and strategic investments for the company including international acquisitions, minority investments and equity related partnerships and Joint ventures. She was appointed by our Company on October 1, 2004. She received a Bachelors of Arts degree from the University of Rajasthan and a Master of Business Administration degree in 1991 from the University of Mumbai. Prior to joining our Company, she was a Manager at Citibank and Vice President-Investments at Galaxy Entertainment Limited between 1991 and 2004. She has over 10 years of experience in financial services and capital markets industry. The remuneration paid to her in Fiscal 2007 was Rs. 2.99 million.

Sanjay Bhambri, 37 years, is the Co-Head, International Business Development of our Company, handling customers east of India including Asia Pacific, Far east, Middle East and Africa. He was appointed by our Company on April 2, 2007. He has over 13 years of experience in Sales and Marketing. He received his Bachelor of Science degree in Computer Science from Kurukshetra University, Kurukshetra and Masters of Business Management, MS University of Baroda, Vadodara. Prior to joining our Company, he was the Regional Sales Director at Hughes Network Systems, LLC. He has also worked with Galileo India Private Limited as Chief Technology Officer. The remuneration payable to him in Fiscal 2008 shall be Rs. 4.50 million.

Sidharth Sharma, 31 years, is the Strategic Business Unit Head, Public Sector Operators (India) of our Company. He carries the overall responsibility for serving the mobile value added services needs of BSNL, MTNL and other government departments. He was appointed by our Company on January 4, 2005. He received a Bachelor of Engineering degree from Maharishi Dayanand University, Rohtak. Prior to joining our Company, he was Senior Software Engineer at Samsung Corporation at Seoul, Team Leader, IT Team at LBW SRL at Como, Milano Italy and General Manager, Sales and Marketing at ZTE Corporation between 1999 and 2004. He has over 8 years of experience in IT and telecommunications industry. The remuneration paid to him in Fiscal 2007 was Rs. 2.10 million.

All the key managerial personnel are permanent employees of our Company and none of the Directors and key managerial personnel of our Company are related to each other.

Shareholding of the Key Managerial Personnel

Other than as disclosed below, none of the key managerial personnel hold Equity Shares in the Company.

S. No	Name of Key Managerial Person	Number of shares
1.	Arvind Rao	5,340,517
2.	Chandramouli Janakiraman	2,233,933
3.	Amit Kumar Dey	466,531
4.	Pratapa P Bernard	421,200
5.	Sandhya Gupta	86,216
6.	Rajiv Kuchal	56,641
7.	Rajesh Moorti	38,324
8.	Rajesh M.V.	36,192

9.	Sidharth Sharma	36,348
10.	Sandeep Ganguly	39,143
TOTAL		8,698,404

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for the key managerial personnel of our Company.

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 and to the extent of Equity Shares held by them in our Company and options held by them granted pursuant to the ESOP Plans.

None of our key managerial personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel of our Company in the last three years are as follows:

Name of the Key Managerial Person	Date of Joining	Date of Leaving	Reason for change
Sandhya Gupta	October 1, 2004	-	Appointment
Rajesh M.V.	November 15, 2004	-	Appointment
Srinivas Kulkarni	March 10, 2004	December 30, 2005	Resignation
Sidharth Sharma	January 4, 2005	-	Appointment
Sandeep Ganguly	January 24, 2005	-	Appointment
Rajesh Moorti	April 3, 2006	-	Appointment
Gaurav Johri	October 27, 2006	-	Appointment
Pratapa Bernard	July 1, 2007	-	Appointment
Sanjay Bhambri	April 2, 2007	-	Appointment
Debraj Tripathy	August 16, 2007	-	Appointment
Rajiv Kuchhal	May 2, 2006	-	Appointment

OUR PROMOTERS

Individuals



Arvind Rao

He holds a US passport. His passport number is 112199116

He does not have a voter's identification card.

His driver's license number is D1683823

For further details, see 'Our Management - Biographies of our Directors' on page 124.



Chandramouli Janakiraman

He holds an Indian passport. His passport number is Z1466129

He does not have a voter's identification card.

His driver's license number is D2067029

For further details, see 'Our Management - Biographies of our Directors' on page 124.

Our Company confirms that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.

Companies

OnMobile Systems, Inc. ("OMSI")

OMSI was originally incorporated as Onscan, Inc. under the Delaware General Corporation Law by filing the original certificate of incorporation on December 16, 1999 with the Secretary of State of the State of Delaware. OMSI has its registered office at 2711, Centerville Road, Suite 400, City of Wilmington, County of New Castle, 19808, in State of Delaware. The incorporation number of the company is 020558306 – 3144051. The name of the company was changed to OMSI by filing certificate of amendment dated February 16, 2001 with the Secretary of State of the State of Delaware. The purpose of the company is to engage in the lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware.

OMSI entered into Series A Preferred Stock Financing arrangement with Infosys Technologies Limited ("Infosys") closing May 5, 2000 pursuant to which upto 100,000 shares of Series A Voting Preferred Stock and 4,400,000 shares of Series A Non-Voting Preferred Stock were issued to Infosys as consideration for purchase of right, title and interest in, and certain additional licensing rights with respect to software product known as 'OnScan Internet notification System'. An asset agreement and a general services agreement was executed in this regard between OMSI and Infosys and amended and restated certificate of incorporation was filed by OMSI on May 4, 2000 with the Secretary of State of the State of Delaware.

OMSI along with Arvind Rao and Infosys entered into Series B Convertible Preferred Stock Purchase Agreement dated June 9, 2000 with certain investors including Argo II: The Wireless – Internet Fund Limited Partnership by Argo Global Capital II Partners L.P and Argo GP, Inc. as its general partners and ARGC IV, L.P. for sale and issue of up to 6,996,000 shares of Series B Convertible Preferred Stock. Amended and restated certificate of incorporation was filed by OMSI on June 8, 2000 with the Secretary of

State of the State of Delaware. OMSI and the investors have also executed Investor Rights Agreement dated June 9, 2000 containing certain restrictions on transferability and grant of registration rights with respect to the shares held by the aforesaid investors in OMSI. Further, Right of First Refusal and Co-Sale Agreement dated June 9, 2000 have also been executed between OMSI and the investors in this regard granting the holders of preferred stock a right of first refusal and co-sale prior to any transfer of securities by common stockholders.

Further, Series C Preferred Stock Purchase Agreement dated September 6, 2002 was entered into between OMSI, Argo II: The Wireless – Internet Fund Limited Partnership, ARGC IV, L.P. and Asia Pacific Growth Fund III, L.P. for sale and issue of 12,127,316 shares of Series C Preferred Stock at the initial closing and upto 1,660,438 additional shares of Series C Preferred Stock upon OMSI achieving the relevant milestones. Amended and Restated Investor Rights Agreement and Amended and Restated Right of First Refusal and Co-Sale Agreement both dated September 6, 2002 were executed between OMSI, the stockholders of OMSI and the investors amending the Investment Agreement and Co-Sale Agreement both dated June 9, 2000. Amended and restated certificate of incorporation was filed by OMSI on September 5, 2002 with the Secretary of State of the State of Delaware.

Secondary Sale

It is proposed that OMSI sell up to 2,042,141 Equity Shares of the Company, prior to filing of the Red Herring Prospectus with SEBI by the Company (the “**Secondary Sale**”). The price per Equity Share to be sold in the Secondary Sale is expected to be finalised after determination of the Issue Price of the Equity Shares as part of the Issue. OMSI has engaged Deutsche Bank AG, Hong Kong, an affiliate of Deutsche Equities India Private Limited (a BRLM), as the sole lead arranger in connection with the Secondary Sale. All investors acquiring Equity Shares through the Secondary Sale from OMSI will be subject to the statutory lock-in of one year for the date of Allotment in the Issue, under clause 4.14.1 of the DIP Guidelines.

Shareholding as of September 10, 2007

The shareholding pattern of OMSI is as follows:

Shareholder	Preferred A (non- voting)	Preferred B	Preferred C	Common Stock (Voting)	Total Stock	%age (voting- common stock)
Infosys Technologies Limited (Voting 217,450 and Non-Voting 5,167,801)	5,285,251.00	-	-	100,000	5,385,251.00	1.82
Argo Global Capital (through ARGC IV, L.P., ARGC V LP and Argo II: The Wireless - Internet Funds)	-	5,907,110	12,702,215	-	18,609,325.00	0.00
Asia Pacific Growth Fund III	-	3,691,945	1,085,541	-	4,777,486.00	0.00
Satwik (through Satwick Fund I, LLC and Satwick Affiliates Fund I, LLC)	-	812,228	-	-	812,228.00	0.00
GGEP Coinvestment Partners, LLC	-	168,721	-	-	168,721.00	0.00
Chadha, Kanwar	-	39,579	-	-	39,579.00	0.00
Greenoaks Ventures	-	158,318	-	-	158,318.00	0.00
Carlydale Holdings Limited	-	184,597	-	-	184,597.00	0.00
Cornerstone Properties I, LLC	-	126,654	-	-	126,654.00	0.00

Arvind Rao	-	-	-	3,055,000	3,055,000.00	55.57
Mouli Raman	-	-	-	1,228,000	1,228,000.00	22.34
Sarojini, Shibulal Damodaran	-	-	-	500,000	500,000.00	9.10
Gopalakrishnan, Semapathy	-	-	-	200,000	200,000.00	3.64
Mathew, Jackson	-	-	-	15,000	15,000.00	0.27
Ganapathy, Palamadai R.	-	-	-	15,000	15,000.00	0.27
AFAC Equity, L.P.	-	-	-	150,000	150,000.00	2.73
ZAR Capital	-	-	-	75,000	75,000.00	1.36
MFP - 2000 LP	-	-	-	25,000	25,000.00	0.45
Hunt recruiting	-	-	-	23,318	23,318.00	0.42
Lau, Charles	-	-	-	5,600	5,600.00	0.10
Thierry – NSO	-	-	-	5,000	5,000.00	0.09
Paul Choquette – NSO	-	-	-	9,600	9,600.00	0.17
Victor Bannon – NSO	-	-	-	1,000	1,000.00	0.02
Vijay Prajan	-	-	-	89,825	54,000	1.63
Abraham Mathews	-	-	-	-	60,000	0.00
Susmita Bhattacharjee	-	-	-	-	2,625.00	0.00
Vipin Menon	-	-	-	-	27,200.00	0.00
TOTAL	5,285,251.00	11,089,153.05	13,787,756.00	5,497,343.00	35,713,502.00	100.00

Further, as of September 10, 2007 OMSI has 2,411,075 granted and outstanding stock options and 390,000 outstanding share warrants.

Warrant Holder Name	Number of Warrants
Balakrishnan K.V.	100,000
Krishna Kumar	45,000
Nithyanandan R	40,000
Padmanabhan D	40,000
Sandeep Raju	40,000
Srinivasan V	30,000
Aveejeet Palit	25,000
Komal Jain	25,000
Sridhar Dhulipala	25,000
Bharath Patil	10,000
Warren & Morris	10,000
Total	390,000

Certain shareholders of OMSI have pursuant to a letter dated July 30, 2007 from OMSI agreed to participate in an 'election process' which would result in a redemption of the common stock from the proceeds of the Offer for Sale or the Secondary Sale (less expenses, taxes and other costs). The redemptions are on the basis of the existing ratio of OMSI to our Company shares of 0.77. Based on the election process if all the Equity Shares are sold either by way of the Secondary Sale or the Offer for Sale, the shareholding pattern of OMSI will be as follows:

Shareholder Name	Total Common Stock after election	% age Voting
Infosys Technologies Limited (Voting 217,450 and Non-Voting 5,167,801)	5,385,251	0.872
Argo Global Capital (through ARGC IV, LP, ARGC V, LP and ARGO II: The wireless internet fund)	18,609,325	74.623
Asia Pacific Growth Fund III	1,928,502	7.733
Satwik (through Satwik Fund I, LLP and Satwik Affiliate Fund I, LLP)	327,868	1.315
GGEP coinvestment partner, LLP	68,107	0.273
Chadha Kanwar	39,579	0.159
Greenoaks Venture	158,318	0.635
Carlydale Holdings Limited	184,597	0.740
Cornerstone Properties I, LLP	126,654	0.508
Arvind Rao	1,527,500	6.125
Chandramouli Janakiraman	614,000	2.462
Sarojini Shibulal Damodaran	500,000	2.005
Gopalakrishnan Semapathy	200,000	0.802
Mathew Jackson	15,000	0.060
Ganapathy Palamadai R	15,000	0.060
AFAC Equity, LP	150,000	0.601
ZAR Capital	75,000	0.301
MFP - 2000 LP	25,000	0.100
Hunt recruiting	23,318	0.094
Lau Charles	5,600	0.022
Thierry - NSO	5,000	0.020
Paul Choquette - NSO	9,600	0.038
Victor Bannon - NSO	1,000	0.004
Vijay Prajan	34,000	0.136
Abraham Mathews	60,000	0.241
Susmita Bhattacharjee	1,060	0.004
Vipin Menon	16,320	0.065
Total	30,105,599	100.00

Directors as of September 10, 2007

The board of directors of OMSI comprises H.H. Haight IV, Charles Sirois and Arvind Rao.

Financial Performance

(In US\$ million except share data)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other income	-	-	0.08
Profit/Loss after tax	(0.16)	(0.29)	(0.25)
Reserves and Surplus	1.78	1.93	2.23
Equity capital (par value US\$ 0.001)	0.03	0.03	0.03
Earnings per share (US\$)	(0.00)	(0.01)	(0.01)
Book value per share	0.05	0.06	0.06

The US\$ amounts mentioned above have been converted into Rupees on the basis of the relevant exchange rate as of March 31 of each year and presented below.

(In Rs. million except share data)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other income	-	-	3.59
Profit/Loss after tax	(6.80)	(13.02)	(11.09)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Reserves and Surplus	76.72	86.04	97.14
Equity capital	1.33	1.37	1.34
Earnings per share	(0.19)	(0.36)	(0.31)
Book value per share	2.19	2.45	2.76

OMSI is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

We confirm that the Permanent Account Number (Employer Identification Number), Bank Account Numbers, the Company Registration Numbers and the address of the Secretary of State, State of Delaware where OMSI is registered have been submitted to the NSE and the BSE at the time of filing this Draft Red Herring Prospectus with them.

Promoter Group

Relatives of the Promoters that form part of the Promoter Group under Clause 6.8.3.2 of the SEBI Guidelines

Promoter	Name of the Relative	Relationship
Arvind Rao	Sharad Rao	Brother
Chandramouli Janakiraman	P.V. Sunitha	Wife
	V. Janakiraman	Father
	J. Radha	Mother
	J. Ramesh	Brother
	J. Seetha	Sister
	P.S. Venkatasubramanian	Wife's Father
	N.K. Parvathi	Wife's mother
	P.V. Kannan	Wife's Brother

Companies forming part of our Promoter Group under Clause 6.8.3.2 of the SEBI Guidelines

RiffMobile Private Limited

RiffMobile Private Limited was incorporated on July 1, 2005. The corporate identification number of the company is U 72900 MH 2005 PTC 154427. The registered office of the company is situated at 110 Arun Chambers, Tardeo, Mumbai 400034.

The main objects of the company include to carry out in India or abroad the business of creating, sourcing, producing wireless content such as ringtones, music cards, mobile games, ringback tones, hiphop music, urban music, music messages, and/or any other form of content of an audio-visual nature for distribution and exploitation via digital means, and also engage in promotional and marketing campaigns in the wireless media, to carry out in India or abroad the business of deploying mobile services for promotion and advertising and sharing music on wireless services and also use mobile services in the business to produce, promote, manipulate, prepare, run, import, export ringtones, mobile games, and any other mobile entertainment wireless music and video and audio rights, telecast wireless movies and to make multimedia presentations and manufacture of all types of presentation items in connection with wireless media entertainment activities.

Shareholding as of September 7, 2007

The shareholding pattern of equity shares of the company is as follows:

S.No	Shareholder	Number of shares	Percentage
1.	Arvind Rao	9,900	99
2.	Sandhya Gupta	100	1
	TOTAL	10,000	100

Directors as of September 7, 2007

The board of directors comprises Arvind Rao and Sandhya Gupta.

Financial Performance

(In Rupees million except for per share data)

	Fiscal 2007	Fiscal 2006
Sales and other Income	1.471	0.135
Profit/loss after tax	(0.392)	(0.170)
Reserves and Surplus	(0.562)	(0.170)
Equity capital (par value Rs. 10)	0.100	0.100
Earnings per share	(39.21)	(17.025)
Book Value per share	(46.24)	(7.02)

Mobile Traffik Private Limited

Mobile Traffik Private Limited was incorporated on December 30, 2002. The corporate identification number of the company is U 64201 KA 2002 PTC 031407. The registered office of the company is situated at 310, 1st Cross, Thimmareddy Colony, Jeevanbhima Nagar, Bangalore 560075.

The main objects of the company include to carry on the business of m-commerce, web, telecom, datacom, networking, electronic media, e-commerce, internet, and all kinds of communication systems and services and to carry on business of assembly, installation, operation, maintenance, servicing, public mobile telecommunications networks, private telecommunication networks, group switching networks, long distance carriers, local exchange networks and to sell all types of telecommunication and transmission equipments, systems, components, sub assemblies and spares thereof in India and abroad; and to carry on the business of designing, developing, researching and otherwise dealing or handling all types of telecom products, computers and computer related systems, software and hardware systems, communication systems, integrated circuits; servicing of all types of telecom and all computer related systems and designing, developing, improving, marketing, selling and licensing telecom products, hardware, software, firmware and programmes of any and all description.

Shareholding as of September 7, 2007

The shareholding pattern of equity shares of the company is as follows:

S.No	Shareholder	Number of shares	Percentage
1.	Arvind Rao	5,000	50
2.	Sandhya Gupta	5,000	50
	TOTAL	10,000	100

Directors as of September 7, 2007

The board of directors of the company comprises Arvind Rao and Sandhya Gupta.

Financial Performance

(In Rupees million except for per share data)

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other Income	Nil	Nil	Nil
Profit/loss after tax	(0.010)	(0.009)	(0.010)
Reserves and Surplus	(0.028)	(0.018)	(0.008)
Equity capital (par value Rs. 10)	0.100	0.100	0.100
Earnings per share	(0.99)	(0.99)	(1.02)
Book Value per share	7.22	8.21	9.19

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 extent of them being directors of our Company. For further interest, of our Directors, see section 'Our Management - Interests of Directors' on page 126.

Our Promoters have no interest in any property acquired by our Company or proposed to be acquired by our Company.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see “Related Party Transactions” on page 140.

Sick Company

None of the companies forming part of our Promoter Group have been declared sick in the past.

Disassociation by the Promoters in the last three years

None of our Promoters have disassociated themselves from any of the companies/firms during preceding three years

Payment or Benefit to Promoters

Except as stated in “Related Party Transactions” on page 140, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid.

Other Confirmations

Our Promoters have further confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

RELATED PARTY TRANSACTIONS

SI No	Relationship	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
(i)	Controlling Enterprises					
	Holding Company	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA
	Subsidiaries	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.		
		OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.			
		ITfinity Solutions Pvt Ltd. (w.e.f December 22 nd 2006)				
(ii)	Other related parties with whom the company had transactions					
	Key Management Personnel	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao
		Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Abraham Mathews	Abraham Mathews
		Krishna Jha			Amit Kumar Dey	Amit Kumar Dey
		Hemant Attray			Chandramouli Janakiraman	Susmita Bhattacharjee
						Chandramouli Janakiraman
Annexure 16 - Related Party Transactions (Continued)						
					(Amount in Rs. Million)	
		31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
1	Income from services					
	OnMobile Systems Inc., USA					6.40
	Total	-	-	-	-	6.40
2	Remuneration					
	Abraham Mathews				1.26	0.06
	Amit Kumar Dey				1.57	0.93
	Susmita Bhattacharjee					0.47
	Arvind Rao	13.85				
	Chandramouli Janakiraman	2.71	1.95	2.10	1.99	0.21
	Krishna Jha	0.83				
	Hemant Attray	0.83				

	Total	18.22	1.95	2.10	4.82	1.67
3	Purchase of fixed Assets/other items					
	OnMobile Systems Inc., USA	-	-	3.39	98.74	3.88
	Total	-	-	3.39	98.74	3.88
4	Sale of fixed Assets/other items					
	OnMobile Systems Inc., USA	-	-	-	-	4.04
	Total	-	-	-	-	4.04
5	Amount Payable					
	OnMobile Systems Inc.	73.29	78.77	87.22	96.48	2.54
	Total	73.29	78.77	87.22	96.48	2.54
6	Amount Receivable					
	Other Advances					
	Arvind Rao	2.10	2.91	2.15	0.93	
	Chandramouli Janakiraman	0.01				
	Total	2.11	2.91	2.15	0.93	-
Notes:						
1. Related party relationships are as identified by the company on the basis of information available with them and accepted by the auditors.						
2. No amount has been written off or written back during the year in respect of debts due from or to related party.						

DIVIDEND POLICY

Our Company has not declared any dividends in the past and does not have any dividend policy, as on date of filing of this Draft Red Herring Prospectus. The declaration and payment of dividend will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

SECTION V: FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL INFORMATION OF ONMOBILE GLOBAL LIMITED

The Board of Directors
OnMobile Global Limited
Bangalore

Dear Sirs,

Re: Public issue of Equity Shares of OnMobile Global Limited (formerly OnMobile Asia Pacific Private Limited)

We have examined the consolidated financial information of OnMobile Global Limited (formerly OnMobile Asia Pacific Private Limited) ('the Company') and its subsidiaries, annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ('the DRHP') and initialed by us for identification. The consolidated financial information has been prepared by the Company and approved by the Board of Directors which has been prepared in accordance with:

- a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b) Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification;
- c) the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares.

Financial Information as per the Audited Consolidated Financial Statements

1. We have examined the attached 'Restated Summary Statement of Consolidated Assets and Liabilities' of the Company as at December 31, 2002; March 31, 2004, 2005, 2006 and 2007 (Annexure 1), the attached 'Restated Summary Statement of Consolidated Profits and Losses' for the year ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 (Annexure 2) and the attached 'Restated Consolidated Cash Flow Statement' for the year ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 (Annexure 3), together referred to as 'Restated Consolidated Summary Statements'.

These Restated Consolidated Summary Statements have been extracted from the consolidated financial statements of each of the years ended March 31, 2005, 2006 and 2007 have been adopted by the Board of Directors for those respective years and period and audited by us, being the auditors of the Company for those years. The Company did not have any subsidiaries, during the year ended December 31, 2002 and 15 months period ended March 31, 2004. Thus, the Company's stand alone audited financial statements for those periods have been considered for presentation in the restated Consolidated Financial information

In issuing our Consolidated Auditors' Report we have relied on the reports of the other auditors of the subsidiary companies to the extent stated therein.

Based on our examination of these Restated Consolidated Summary Statement, we state that:

- a) Annexure 1 contains the Restated Summary Statement of Consolidated Assets and Liabilities of the Company as at December 31, 2002; March 31, 2004, 2005, 2006 and 2007;
- b) Annexure 2 contains the Restated Summary Statement of Consolidated Profits and Losses of the Company for the each of the year ended December 31, 2002, 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007;

- c) Annexure 3 contains the Restated Consolidated Cash Flow Statement for the year ended December 31, 2002, 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007;
- d) Annexure 4 contains the Notes on adjustments made in the Restated Consolidated Summary Statements, which have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at March 31, 2007; and
- e) Annexure 5 contains Summary of Significant Accounting Policies and Notes.

Other Consolidated Financial Information

2. We have examined the following consolidated information as at and for the year ended December 31, 2002, 15 months period ended March 31, 2004; each of the years ended March 31, 2005, 2006 and 2007, of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report:
 - a) Annexure 6 contains Restated Schedule of Consolidated Fixed Assets;
 - b) Annexure 7 contains Restated Schedule of Consolidated Investments;
 - c) Annexure 8 contains Restated Schedule of Consolidated Sundry Debtors;
 - d) Annexure 9 contains Restated Schedule of Consolidated Cash & Bank Balances;
 - e) Annexure 10 contains Restated Schedule of Consolidated Loans and Advances;
 - f) Annexure 11 contains Restated Schedule of Consolidated Current Liabilities and Provisions;
 - g) Annexure 12 contains Restated Schedule of Consolidated Share Capital;
 - h) Annexure 13 contains Restated Schedule of Consolidated Other Income;
 - i) Annexure 14 contains Restated Schedule of Consolidated Capital Commitments and Contingent Liabilities;
 - j) Annexure 15 contains Restated Summary of Consolidated Major Accounting Ratios;
 - k) Annexure 16 contains Consolidated Related Party Disclosure;
3. We have examined the Consolidated Capitalisation Statement of the Company as at March 31, 2007 included in Annexure 17.
4. In our opinion, the 'Financial Information as per Audited Consolidated Financial Statements' and 'Other Consolidated Financial Information' mentioned above as at and for the years ended December 31, 2002; 15 months period ended March 31, 2004; each of the years ended March 31, 2005, 2006 and 2007 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report neither should in any way be construed as a reissuance or redating of any of the previous audit report by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the consolidated financial statements referred to herein.

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

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.: 84494

Bangalore
August 30, 2007

Annexure 1 - Restated Summary Statement of Consolidated Assets and Liabilities

(Amount in Rs. Million)

		As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
FIXED ASSETS						
Gross Block		580.65	356.01	181.34	115.44	12.82
Less : Accumulated depreciation		288.45	143.00	57.90	13.11	6.08
Net Block		292.20	213.01	123.44	102.33	6.74
Add: Capital Work in Progress		42.87	-	5.05	-	-
Total	A	335.07	213.01	128.49	102.33	6.74
Goodwill on consolidation	B	204.81	-	-	-	-
INVESTMENTS	C	1,023.54	26.07	10.14	5.08	-
Deferred tax liability (net)	D	(29.86)	(23.38)	(11.30)	(8.06)	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventory		-	-	-	1.58	0.68
Sundry debtors		539.28	340.49	165.08	36.14	5.47
Cash and bank balances		211.60	39.93	41.68	29.25	8.44
Loans and advances		479.05	236.38	88.93	15.74	0.87
Total	E	1,229.93	616.80	295.69	82.71	15.46
Total (A+ B+ C+ D+E)	F	2,763.49	832.50	423.02	182.06	22.20
LIABILITIES AND PROVISIONS						
Secured Loans		-	-	-	-	-
UnSecured Loans		-	-	-	-	-
Current Liabilities & Provision		722.85	386.60	224.92	124.22	7.55
Total	G	722.85	386.60	224.92	124.22	7.55
Net Worth(F-G)	H	2,040.64	445.90	198.10	57.84	14.65
Net Worth represented by:						
SHAREHOLDERS' FUNDS						
Share capital		36.54	22.92	22.90	22.87	22.87

Reserves & surplus	1,990.24	422.98	175.20	34.97	(8.22)
Minority interest	13.86	-	-	-	-
Total	2,040.64	445.90	198.10	57.84	14.65

Annexure 2 - Restated Summary Statement of Consolidated Profits and Losses

(Amount in Rs. Million)

	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
INCOME					
Telecom Value Added Services					
- Domestic	1,269.72	784.80	387.76	118.65	14.05
- Export	10.87	-	0.57	-	6.40
Software Development	11.75	-	-	-	-
Software Licence Fee	13.50	27.00	14.06	50.75	-
Other Services	23.88	14.37	7.07	3.24	-
Other income	43.41	1.09	1.83	1.22	0.15
Net Revenue	1,373.13	827.26	411.29	173.86	20.60
EXPENDITURE					
Cost of Sales & Services	237.22	122.82	59.58	49.37	6.55
Manpower costs	270.46	114.88	46.52	35.76	12.44
Administration and other expenses	212.14	117.15	39.01	17.89	4.90
Total Operating Expenses	719.82	354.85	145.11	103.01	23.89
Earnings before Interest, Tax and Depreciation	653.31	472.41	266.18	70.85	(3.29)
Depreciation	142.93	85.10	44.78	8.52	4.00
Earnings before Interest and Tax	510.38	387.31	221.40	62.33	(7.30)
Finance charges	0.16	-	-	-	-
Earnings before Tax	510.22	387.31	221.40	62.33	(7.30)
Provision for taxation					
- current tax	154.99	123.91	78.10	11.30	0.25
- deferred tax (Note B (15))	6.38	12.08	3.24	8.06	0.05
- fringe benefit tax	6.14	3.53	-	-	-

- Excess Provision in earlier years	-	-	-	(0.11)	-
Earnings after Tax	342.71	247.79	140.06	43.08	(7.59)
Adjustments on account of: (Refer Annexure 4)					
Impact on change of accounting policies	-	-	0.16	0.27	0.22
Impact on material adjustment and prior period items	-	-	-	(0.16)	0.16
Adjusted Profit/(loss)	342.71	247.79	140.23	43.19	(7.21)
Profit of Share of Minority Interest	5.51	-	-	-	-
Earnings after Tax after Minority Interest	337.20	247.79	140.23	43.19	(7.21)
Balance brought forward from previous year	422.98	175.20	34.97	(8.22)	(1.01)
Less: Transfer to General Reserve	4.00	-	-	-	-
Balance carried forward to Balance sheet	756.18	422.98	175.20	34.97	(8.22)
No. of Equity Shares of 10 each outstanding	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
Weighted average no. of Equity Shares of 10 each outstanding					
-Basic	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
-Diluted	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457
Earnings Per Share (Rs.)					
- Basic	13	19	11	3	(1)
-Diluted	7	7	5	1	-
1. Earnings per share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India					
2. The diluted loss per share for the year ended December 31,2002 is anti dilutive and hence ignored/ not given					
3. A general meeting held on August 17, 2007 the shareholders have consented for issuance of 12 Equity shares of face value of Rs. 10 each as bonus shares for every one share held by the Equity shareholders of the Company whose name appear in the register of members as on the record date, by capitalisation of capital redemption reserve and securities premium account. The Board of Directors by a circular resolution on August 18, 2007 have allotted the said bonus shares. Consequently, the calculation of basic and diluted earnings per share has been adjusted for the increase in the number of Equity Shares outstanding as a result of the issuance of bonus Equity Shares, for all the periods presented.					

Annexure 3 - Restated Consolidated Cash Flow Statement

(Amount in Rs. Million)

	For the year ended		For the year ended		For the year ended		For the 15 month period ended		For the year ended	
	March 31, 2007		March 31, 2006		March 31, 2005		March 31, 2004		December 31, 2002	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Cash flow from operating activities										
Earnings before taxation		510.22		387.30		221.56		62.55		(7.02)
Depreciation and amortisation	142.93		85.10		44.78		8.52		4.00	
Interest income	(6.61)		(0.10)		(0.30)		(0.22)		(0.03)	
Yield on investments	(34.94)		(0.99)		(0.99)		(0.20)		-	
Profit on sale of assets	(0.01)		-		-		(0.65)		-	
Profit on redemption of investments	(0.02)		(0.00)		(0.12)		(0.02)		-	
Preliminary expenses written off	(0.02)		-		-		-		-	
Finance Charges	0.16	101.48	-	84.01	-	43.38	-	7.43	-	3.97
Changes in current assets and liabilities										
Inventory	-		-		1.58		(0.90)		(0.68)	
Sundry debtors	(184.24)		(175.41)		(128.93)		(30.67)		3.81	
Loans and advances	(16.49)		(38.93)		(6.10)		(3.48)		0.18	
Current liabilities and provisions	148.39	(52.34)	37.76	(176.58)	22.62	(110.83)	105.60	70.56	5.71	9.02
Income taxes, TDS and FBT paid during the year	(211.40)		(112.05)		(67.09)		(11.64)		(0.46)	
Net cash generated from operating activities (A)		347.96		182.68		87.02		128.91		5.51

Cash flow from investing activities					
Purchase of fixed assets and change in capital work-in-progress	(263.61)	(169.62)	(70.95)	(104.68)	(2.84)
Proceeds from sale of fixed assets	0.01	-	-	1.23	4.51
Sale/ (Investment) in securities	(1,190.80)	(15.93)	(4.95)	(5.06)	-
Interest income	6.61	0.10	0.30	0.22	0.03
Yield on investments	33.22	0.99	0.99	0.20	-
Net cash used in investing activities (B)	(1,414.56)	(184.46)	(74.62)	(108.10)	1.70
Cash flow from Financing activities					
Proceeds from issuance of share capital net of share issue expense of Rs. 80,396,948/- for the year 2006-07	1,225.27	0.03	0.03	-	-
Finance charges	(0.16)	-	-	-	-
Net cash used in financing activities (C)	1,225.11	0.03	0.03	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	158.50	(1.75)	12.43	20.81	7.20
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	39.93	41.68	29.25	8.44	1.23

Cash of ITFinity on acquisition	13.18	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	211.61	39.93	41.68	29.25	8.44

Annexure 4 - Notes on adjustment made in the restated Consolidated Summary Statements

Summary of adjustment on account of change in accounting policies, prior period items and material items

(Amount in Rs. Million)

Particulars	for the year ended			for the 15 month period ended	For the Year ended
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Profit/(Loss) as per audited Accounts	342.71	247.79	140.06	43.08	(7.59)
Impact on changes in accounting policies					
Miscellaneous Expenditure	-	-	0.16	0.27	0.22
Impact on material adjustment and prior period items					
Excess provision written back	-	-	-	(0.16)	0.16
Adjusted Profit/(loss) Accounts	342.71	247.79	140.23	43.19	(7.21)

Explanatory Notes for these adjustments are discussed below:

a) Miscellaneous Expenditure:- Until the financial year ended March 31, 2005, the Group had incurred certain 'preliminary expenditure', which was being amortized over a period of five years in line with the then Accounting Standard. As Accounting Standard 26 on 'Intangible Assets', was made mandatory for the accounting period commencing on or after April 1, 2003 the Group changed its policy to charge such expenses to the profit & loss account in the year in which they were incurred.

Accordingly the carrying amount of preliminary expenditure forming part of the Balance Sheets as at December 31, 2002, March 31, 2004 and March 31, 2005 which were not included in the Profit & Loss account have now been restated and included in the year to which it relates.

b) Excess Provision Written Back:- Excess provision written back in the profit and loss account pertaining to earlier financial years has now been restated and recognized as income in the respective years to which they were related.

ANNEXURE 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A Significant accounting policies

1. Basis of preparation of financial statements

The Consolidated Financial statements relate to OnMobile Asia Pacific Private Limited (the Company) and its subsidiaries.

The Consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”). GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (“ICAI”) and the provisions of the Companies Act, 1956. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Principle of consolidation

The financial statements of the company and its wholly owned subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expense. The intra-group balances and intra-group transactions are eliminated.

The excess of cost to the company of its investments in the subsidiary over its share of the equity of the subsidiary, at the date on which the investments in the subsidiary company was made, is recognized as ‘goodwill’ being an asset in the consolidated financial statements.

The following entities are considered in the consolidated financial statements.

Sl No	Name of entity	Country of Incorporation	% of Ownership held as on 31 st March 07	% of Ownership held as on 31 st March 06	% of Ownership held as on 31 st March 05	% of Ownership held as on 31 st March 04	% of Ownership held as on 31 st December 02
1	OnMobile Australia Pty Ltd	Australia	100	100	-	-	-
2	OnMobile Singapore Pte Ltd	Singapore	100	100	100	-	-
3	ITfinity Solutions Private Limited (w.e.f Dec -2006)	India	51	-	-	-	-
4	Phonetiz solutions Private Limited (w.e.f Dec 2006)	India	ITfinity Solutions Private limited holds 90% of Share Capital.				

The Company did not have any subsidiaries, during the year ended December 31, 2002 and 15 months period ended March 31, 2004. Thus, the Company’s stand alone audited financial statements for those periods have been considered for presentation in the restated Consolidated Financial information and hence not comparable with the figures for the years ended March 31, 2005, 2006 and 2007.

The consolidation for the year 2005-06 includes figures of OnMobile Australia Pty Ltd which was set up during 2005-06 and hence figures for the earlier years/ period are not comparable.

The consolidation for the year 2006-07 includes figures of ITfinity Solutions Private Limited and Phonetiz Solutions Private Limited which were acquired during 2006-07 and hence figures for the earlier years/ period are not comparable.

3. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Examples of such estimates includes provision for doubtful debts ,future obligations under employee benefit plans, income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reliably estimated. When no reliable estimate can be made, a disclosure is made as contingent liability.

Actual results could differ from those estimates.

4. Revenue Recognition

Revenue from Telecom Value Added Services including royalty income, net of customer credits, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators.

Revenue from sale of user licences for software applications is recognized when the applications are functionally installed at the customer's location as per the terms of the contracts.

Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract.

Yield on investment is recognized on an accrual basis. Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

5. Fixed assets

Fixed assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses relating to acquisition and installation.

Capital work in progress is stated at cost and includes advances paid to acquire fixed assets and the cost of fixed assets that are not ready for their intended use at the balance sheet date.

6. Depreciation

Depreciation on Furniture & Fixtures, Office equipment, Computers & Electronic equipment and Computer Software is provided using the straight-line method over three years, based on useful/commercial lives of these assets as estimated by the management. The depreciation rates adopted are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase.

7. Investments

Short term investments are stated at lower of cost or market value and includes yield accrued.

Long term investments are stated at cost. Provision is made for any diminution in value of long term investment and other than that of a temporary nature.

8. Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and Monetary liabilities denominated in foreign currencies are translated at the

exchange rate prevalent at the date of the Balance sheet. Exchange differences arising on foreign currency translations are recognized as income or expense in the year in which they arise.

Exchange difference arising out of the translation of foreign currency assets and liabilities in subsidiaries is disclosed as foreign currency translation adjustment.

On consolidation, assets and liabilities (other than non-monetary items) are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at yearly average exchange rates prevailing during the year. Exchange differences arising out of these transactions are included under "Exchange translation difference" and charged to the Profit and Loss account in the being the "Integral operations".

9. Employee Benefits

a) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund are recognized in the Profit and Loss Account. Retirement benefits in the form of Provident Fund became applicable to ITfinity Solutions Pvt Limited from September 2006; accordingly the company got registered with the provident fund authorities.

b) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India, are determined by Actuarial Valuation made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the balance sheet. Provision for gratuity in ITfinity Solutions Pvt Limited is made for the year on actual basis for every completed year of service by the employees and is not funded.

c) Liability for Leave Encashment is provided based on accumulated leave credit outstanding to the employees as on the date of balance sheet.

10. Employee Stock Option Plan

The company has formulated 3 Employee Stock Option Plans ("ESOP") – OnMobile Employees Stock Option Plan – I 2003, OnMobile Employees Stock Option Plan – II 2003 and OnMobile Employees Stock Option Plan – III 2006.

The company not being a listed company is not governed by SEBI (Employee Stock Option Scheme & Employee Stock Purchase Plan) Guidelines 1999. Further, the company has obtained legal opinion that the guidance note on Accounting for Employees Share based payments are not applicable to OnMobile ESOP – I 2003 and II 2003.

11. Leases

Leases arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are charged to the Profit & Loss account on accrual basis. Assets acquired under finance lease arrangements are recognized as an asset and a liability is set up at the inception of the lease, at an amount equal to lower of the fair value of the leased assets or the present value of the future minimum lease payments.

12. Income Tax

Income tax comprises the current tax provision, net change in deferred tax asset or liability in the year and fringe benefit tax.

Provision for current tax is made taking into account the admissible deductions/allowances and is subject to revision based on the taxable income for the fiscal year ending 31st March each year.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between carrying values of the assets and liabilities and their respective tax bases and are measured using enacted tax rates applicable on the Balance sheet date. Deferred Tax assets are recognized subject to management's judgement that realization is virtually certain.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period of enactment of change.

Fringe benefit tax is provided as per provisions of the Income Tax Act, 1961.

13. Cash flow Statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

14. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

15. Earning per Share

In determining the earning per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

16. Provisions and Contingencies

Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Provision for warranty is based on past technical experience.

B Notes on Accounts

1. The name of the Company was changed to "OnMobile Asia Pacific Private Limited" from "Onscan Technologies India Private Limited" with effect from April 10, 2001.

2. Capital commitment at the year end :

<i>(Amount in Rs. Million)</i>				
For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the year ended December 31, 2002
90.15	Nil	7.37	Nil	Nil

3. During the year 2005-06, the Company has been named as one of the 18 defendants in a civil dispute for injunction pending adjudication. However in the opinion of the management no liability would arise in this regard.

4. The company has imported certain plant & machinery including on loan basis, at concessional/nil rate of duty under Software Technology Park of India Scheme with an obligation to export software of a specified value by March 31, 2007. As at March 31, 2007 there is a shortfall in meeting the

export obligation amounting to Rs. 138.71 Million. The Company has filed an application to Software Technology Park of India for extending the Export Obligation period to 2009-2010 which is pending. Pending receipt of the extension, the company is contingently liable for customs duty amounting to Rs. 11.84 Million, interest thereon and penalty of the equivalent amount against export obligations to be met. The company has provided bank guarantee of Rs. 0.48 Million (net of margin money deposit) in respect of the same.

5. Investment in Subsidiary –ITfinity Solutions Pvt Ltd.

During the year 2006-07, the company acquired the 51% of share capital of ITFINITY Solutions Private Limited ('ITFINITY') on December 22, 2006, for a total consideration of Rs. 213.48 Million based on an independent valuation, of which Rs. 195.07 Million was payable in cash and the balance consideration of Rs. 18.41 Million payable by allotment of equity shares of Rs. 10/- each based on an exchange ratio recommended by an independent valuer. Accordingly, the value of investment in ITFINITY has been recorded at Rs. 213.48 Million and the aggregated premium of Rs.18.36 Million on allotment of shares has been credited to the Securities Premium Account.

The company as approved by the Board of Directors in their meeting held on October 12, 2006, propose subject to the approval from the Honourable High Courts of Karnataka and Bombay, to amalgamate ITFINITY with itself. In terms of the scheme of Arrangement and Amalgamation ("the Scheme"), the consideration to the minority shareholders on amalgamation is payable by allotment of 56,451 equity shares of Rs.10/- each in the Company.

The company has filed a petition along with the Scheme with the Honorable High Courts of Karnataka & Bombay on 02/02/2007 and 23/02/2007, respectively. The Karnataka High Court has pronounced its order on March 27, 2007 approving the Amalgamation Scheme, subject to the Bombay High Court approving the Liquidation of ITfinity Solutions Private Limited and approval of the Scheme of amalgamation, which is still pending approval and therefore no adjustment has been made in these financial statements in this regard.

Even though the IT finity Solutions Pvt Ltd has been acquired on December 22, 2006 , the Financial statements of the for the period January 2007 to March 2007 has been used for the consolidation and "Goodwill "computation with the Holding company, since there were no material transactions were recorded during period December 22, 2006 to December 31, 2006.

The financial statements for the period January 1, 2007 to March 31, 2007 has been obtained from the audited financial statements for the year ended March 31, 2007 and unaudited financials for the period April 1, 2006 to December 31, 2006.

6. Events subsequent to balance sheet

The business operations of Onmobile Australia Pty limited were transferred to Onmobile Asia pacific Private limited – Branch of the Company, on April 1, 2007. The Assets were transferred at their book value which was the market value in the opinion of the Directors. The deregistration of the Onmobile Australia Pty Limited is in due course.

7. Operating leases

The Company is obligated under non-cancelable operating lease for office space. Total rental expense under non-cancelable operating lease for the year for office:

	Amounts in Rs. Million				
	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the year ended December 31, 2002
Rental expense	35.14	7.41	2.15	1.58	-

Future lease payments under non-cancelable operating lease for office space are as follows:

(Amount in Rs. Million)

Period	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Not later than 1 year	39.92	30.31	0.92	2.04	-
Later than 1 year and not later than 5 years	172.93	115.08	-	-	-

8. Employee Stock Option Plans

a) During the year 2003-2004 the Company introduced 'OnMobile Employees Stock Option Plan – I 2003' and 'OnMobile Employees Stock Option Plan – II 2003' for the benefit of the employees, as approved by the board of directors in the meeting held on October 31, 2003 and December 4, 2003 respectively and Extra Ordinary General Meeting held on March 5, 2001 the Company has appropriated 1,026,000 & 114,000 equity shares of Rs.10/- each respectively to be granted to the eligible employees. The options are to be granted at the discretion of the compensation committee at the exercise price determined by them. In accordance with the terms of the stock option plans, 25% of such Options granted would vest at the end of twelve (12) months from the date the Optionee becomes an employee of the company and the remaining 75% would vest at a rate of 1/36th per month for the next thirty six (36) months from the first Vesting.

Numbers of options granted, exercised and forfeited during the years under the above scheme are given below:

	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Options granted outstanding at the beginning of the year	1,060,376	706,815	709,496	Nil
Granted in the earlier years not considered	Nil	28,670		
Granted during the year	71,899	334,880	Nil	709,496
Exercised during the year	972,681	2,588	2,681	Nil
Forfeited during the year	29,471	7,401	Nil	Nil
Options granted outstanding at the end of the year	130,113	1,060,376	706,815	709,496

Of the above grants outstanding, grants vested as on the balance sheet date were

March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
2,604	655,787	566,969	445,968

b) During the year 2006-2007 the Company introduced 'OnMobile Employees Stock Option Plan – III 2006' vide Board Resolution dated July 24, 2006 and Shareholders Resolution dated July 24, 2006. A total of 61,567 options have been appropriated to be granted to the eligible employees.

As at the year end there are no options granted or outstanding under the said scheme.

9. Segment Reporting:

The Company is engaged in providing Software Services globally and is considered to constitute a single segment in the context of AS – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India. Geographical Segment constitutes the Secondary Segment of Company and the secondary segment details are given below.

(Amount in Rs. Million)

SI No	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
Domestic Income	1,318.85	826.17	408.89	172.64	14.05
Export	10.87	-	0.57	-	6.40

Segment assets, segment liabilities and fixed assets used in the company's business have not been identified to any reportable segment as these are used interchangeably between segments and hence segment disclosures related to the total carrying amount of the segment assets, segment liabilities and fixed assets have not been given.

10. Related Parties

I. List of Related parties and relationship:

Sl No	Relationship	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
(i) Controlling Enterprises						
	Holding Company	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA
(ii) Other related parties with whom the company had transactions						
	Key Management Personnel	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao
		Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Abraham Mathews	Abraham Mathews
		Krishna Jha			Amit Kumar Dey	Amit Kumar Dey
		Hemant Attray			Chandramouli Janakiraman	Susmita Bhattacharjee
						Chandramouli Janakiraman

II Transactions with Related Parties

(Amount in Rs. Million)

	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
1 Income from services					
OnMobile Systems Inc., USA					6.40
Total	-	-	-	-	6.40
2 Remuneration					
Abraham Mathews				1.26	0.06
Amit Kumar Dey				1.57	0.93
Susmita Bhattacharjee					0.47
Arvind Rao	13.85	-			
Chandramouli Janakiraman	2.71	1.95	2.10	1.99	0.21
Krishna Jha	0.83				
Hemant Attray	0.83				
Total	18.21	1.95	2.10	4.82	1.67
3 Purchase of fixed Assets/other items					
OnMobile Systems Inc., USA				3.39	98.74
Total	-	-	3.39	98.74	3.88
4 Sale of fixed Assets/other items					
OnMobile Systems Inc., USA					4.04

Total	-	-	-	-	4.04
5 Amount Payable					
OnMobile Systems Inc.	73.29	78.77	87.22	96.48	2.54
Total	73.29	78.77	87.22	96.48	2.54
6 Amount Receivable					
Other Advances					
Arvind Rao	2.10	2.91	2.15	0.93	-
Chandramouli Janakiraman	0.01	-	-	-	-
Total	2.11	2.91	2.15	0.93	

Notes:

1. Related party relationships are as identified by the company on the basis of information available with them and accepted by the auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related party.

11. Earnings per Share

The earnings per share, computed as per requirements of Accounting Standard 20 – Earnings per Share, issued by the Institute of Chartered Accountants of India, is as under:

Particulars	(Amount in Rs. Million except no. of shares)				
	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
Profit after tax as per the Profit & Loss Account	337.20	247.79	140.23	43.19	(7.21)
<i>Weighted Average number of Shares for Basic EPS</i>	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
Add: Effect of weighted average no. of Convertible Preference Shares	19,418,369	16,733,457	16,733,457	16,733,457	16,733,457
Add: Effect of weighted average no. of options outstanding	1,691,469	13,784,888	9,188,595	9,223,448	-
Less: No. of shares that would have been issued at fair value	6,063	9,075,678	9,188,595	9,223,448	-
<i>Weighted Average Number of equity shares for diluted EPS</i>	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457
Nominal value of equity shares	10	10	10	10	10
Earnings/ (Loss) Per Share					
Basic	13	19	11	3	(7)
Diluted	7	7	5	1	-

Notes:

a) The diluted loss per share for the year ended December 31, 2002 is anti dilutive and hence ignored/ not given.

b) In the annual general meeting held on August 17, 2007 the shareholders have consented for issuance of 12 Equity shares of face value of Rs. 10 each as bonus shares for every one share held by the Equity shareholders of the Company whose name appear in the register of members as on the record date, by capitalisation of capital redemption reserve and securities premium account. Subsequently, the Board of Directors by a circular resolution on August 18, 2007 have allotted the said bonus shares. Consequently, the calculation of basic and diluted earnings per share has been adjusted for the increase in the number of Equity Shares outstanding as a result of the issuance of bonus Equity Shares, for all the periods presented.

12. Accounting For Taxes On Income

In accordance with the Accounting Standard 22 – “Accounting for Taxes on Income”, issued by the Institute of Chartered Accountants of India, the company has created a deferred tax liability to the extent of Rs.6.38 Million for the current year, which has been debited to the Profit & Loss account. Details of Deferred Tax Asset and Liabilities are:

(Amount in Rs. Million)

Particulars	Opening Balance	Current year (credit)/charge	Closing Balance
Difference between book & tax depreciation	-	8.61	8.61
Others (Provision for gratuity, leave encashment etc.,)	-	(0.55)	(0.55)
Def Tax (Assets)/ Liabilities as on 31.3.2004	-	8.06	8.06
Difference between book & tax depreciation	8.61	3.16	11.77
Others (Provision for gratuity, leave encashment etc.,)	(0.55)	0.08	(0.47)
Def Tax (Assets)/ Liabilities as on 31.3.2005	8.06	3.24	11.30
Difference between book & tax depreciation	11.77	14.64	26.41
Others (Provision for gratuity, leave encashment etc.,)	(0.47)	(2.56)	(3.03)
Def Tax (Assets)/ Liabilities as on 31.3.2006	11.30	12.08	23.38
Difference between book & tax depreciation	26.41	7.22	33.63
Others (Provision for gratuity, leave encashment etc.,)	(3.03)	(0.84)	(3.87)
Deferred Tax – from ITfinity	0.10	-	0.10
Def Tax (Assets)/ Liabilities as on 31.3.2007	23.48	6.38	29.86

13. The details of Provisions under AS-29 is as under:-

(Amount in Rs Million)

Sl. No.	Nature of Expense	Probable outflow estimated within	Provision outstanding at beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed during the year	Provision outstanding as at the year end
Year 2006-07							
1	Other provisions-warranties & customer	3 years	2.86	34.90	-	2.86	34.90

								credits
2	Employee Performance Incentives	1 year	1.56	8.83	1.32	0.24	8.83	
Year 2005-06								
1	Warranty	3 years	2.48	2.86	-	2.48	2.86	
2	Employee Performance Incentives	1 year	5.18	1.56	5.18	-	1.56	
Year 2004-05								
1	Warranty	3 years	4.78	1.88	-	4.18	2.48	
2	Employee Performance Incentives	1 year	-	5.18	-	-	5.18	
Year 2004								
1	Warranty	3 years	0.40	4.38	-	-	4.78	
2	Employee Performance Incentives	1 year	-	-	-	-	-	
Year 2002								
1	Warranty	3 years	-	0.40	-	-	0.40	
2	Employee Performance Incentives	1 year	-	-	-	-	-	

14. Disclosure on Derivative Instruments

There are no outstanding, forward exchange contracts entered into by the company as on March 31, 2007.

Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise:

Particulars	Year	Amount (Rs Million)	Amount (Foreign Currency)
Due to Holding Company against import of goods & services	March 31,2007	73.29	USD 1.67
	March 31,2006	78.77	USD 1.75
	March 31,2005	87.22	USD 1.98
	March 31,2004	96.48	USD 2.20
	December 31, 2002	2.54	USD 0.05
	Due from Debtors against export of services/ goods	March 31,2007	1.11

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India in December 2005.

15. Transfer Pricing

The Company maintains the information and documents as required under the transfer pricing regulations under sections 92-92F of the Income-Tax Act, 1961. The management is of the view that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

16. During the period ended March 31, 2004, the company has acquired the Computer Software – MMP 2500 and further certain 'Additional Value Added Applications Software' with all rights including

exclusive ownership, copyright, trademark, right to develop, market and license and the source code thereon, from its holding company, for a total consideration of Rs. 96.50 Million based on independent valuations. The above intangibles are amortized over their commercial life, which is estimated to be three years.

17. The figures for period ended March 31, 2004, are for 15 months period, while the figures for other years presented are for 12 months period and hence are not comparable. Previous year figure have been regrouped and reclassified to match to the current year groupings/classification..

Annexure 6 - Restated Schedule of Consolidated Fixed Assets						
(Amount in Rs. Million)						
		As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.12.2002
Gross Block						
Tangible Assets						
Office Equipment		1.75	1.47	1.45	0.71	0.30
Furniture & Fixtures		1.17	-	-	-	-
Computer & Electronic equipment		421.18	221.70	83.40	18.24	12.52
Motor Car		1.28	-	-	-	-
Total	A	425.38	223.17	84.85	18.95	12.82
Gross Block						
		-	-	-	-	-
Intangible Assets						
Software		155.27	132.84	96.49	96.49	-
Total	B	155.27	132.84	96.49	96.49	-
Total (A + B)	C	580.65	356.01	181.34	115.44	12.82
Less :- Accumulated Depreciation / Amortisation	D	288.45	143.00	57.90	13.11	6.08
Net Block (C-D)	E	292.20	213.01	123.44	102.33	6.74
Capital Work in Progress	F	42.87	-	5.05	-	-
Total Fixed Assets		335.07	213.01	128.49	102.33	6.74

Annexure 7 - Restated Schedule of Consolidated Investments

(Amount in Rs. Million except for no. of shares/units)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
INVESTMENTS					
Short term investments in value- Non Trade (quoted) at lower of cost and market value					
DSP Merrill Lynch Floating Rate Fund	-	20.66	5.12	-	-
Deutsche Floating Rate Fund Regular Plan	-	5.41	5.02	-	-
ABN AMRO Fixed Term Plan	257.38	-	-	-	-
Kotak Fixed Maturity Plan 3 M Series 8	257.44	-	-	-	-
Pru ICICI Fixed Maturity Plan Series 35	257.34	-	-	-	-
LIC Mutual Fund	50.57	-	-	-	-
Reliance Interval Fund	200.81	-	-	-	-
In ING Vysya Liquid Fund	-	-	-	5.08	-
	1,023.54	26.07	10.14	5.08	-
Market Value of short term investments	1,024.28	26.09	10.15	5.08	-
Short term investments in quantity in mutual funds (no. of units)					
DSP Merrill Lynch Floating Rate Fund	-	2,060,038	510,384	-	-
Deutsche Floating Rate Fund Regular Plan	-	526,656	489,972	-	-
ABN AMRO Fixed Term Plan	25,641,719	-	-	-	-
Kotak Fixed Maturity Plan 3 M Series 8	25,732,171	-	-	-	-
Pru ICICI Fixed Maturity Plan Series 35	25,748,988	-	-	-	-
LIC Mutual Fund	4,605,177	-	-	-	-
Reliance Interval Fund	2,000,000	-	-	-	-

In ING Vysya Liquid Fund	-	-	-	471,423	-
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Annexure 7 - Continued

Details of Purchase & Sale during the years

(Amount in Rs. Million except for no. of shares/ units)

Name of the fund	Purchase		Sales	
	No. of Shares / Units	Amount	No. of Shares / Units	Amount
Year 2006-07				
Short Term Investments				
LIC Mutual Fund	14,167,931.56	155.57	9,562,754	105.00
Reliance Liquidity Fund	15,040,527.32	150.45	15,040,527.32	150.45
Birla Cash Plus	30,270,137.85	303.29	30,270,137.85	303.29
Birla Cash Plus 1	15,016,138.13	150.45	15,016,137.13	150.45
DSP Merrill Lynch Floating Rate Fund	150,444.57	150.45	150,444.57	150.45
Prudential ICICI Institutional Liquid Plan	42,255,887	422.56	42,255,886	422.56
		-		-
HSBC Liquid Plus Fund	9,033,444.87	90.42	9,033,445	90.42
DSP Floating Rate Fund	55,801	0.57	2,115,839	21.23
HDFC Liquid Plus Fund	4,444,935.86	45.33	4,444,936	45.33
Pru ICICI Fixed Maturity Plan Series 35	25,748,988	257.34	Nil	Nil
Kotak Fixed Maturity Plan 3 M Series 8	25,732,171	257.44	Nil	Nil
ABN AMRO Fixed Term Plan	25,641,719	257.38	Nil	Nil
Reliance Interval Fund	2,000,000	200.81	Nil	Nil
Year 2005-06				
Short Term Investments				
DSP Merrill Lynch Floating Rate Fund	3,544,169	35.55	1,994,515	20.00
Deutsche Floating Rate Fund Regular Plan	4,411,285	45.38	4,374,601	45.00
Tata Fund Regular Plan	1,990,018	20.06	1,990,018	20.07
Year 2004-05				
Short Term Investments				
Cholamandalam AMC Ltd	438,011	5.01	438,011	5.01
Deutsche Insta Cash Plus Fund	495,674	5.02	495,674	5.02
Deutsche Insta Cash Plus Fund (Daily Dividend Plan)	489,978	5.05	489,978	5.05
Deutsche Floating Rate Fund Regular Plan	1,961,717	20.10	1,471,745	15.07
DSP Merrill Lynch Liquidity Fund	405,040	5.03	405,040	5.03
DSP Merrill Lynch Floating Rate Fund	510,384	5.12	-	-
ING Vysya Liquid Fund	7,194	0.08	478,617	5.15
LICMF Floating Rate Fund	499,610	5.04	499,610	4.99
LCMF Liquid Fund	1,885,908	20.39	1,885,908	20.39
Reliance Floating Rate Fund	506,648	5.08	506,648	5.08
Templeton India Treasury Management Account	4,044	5.03	4,044	5.03
Sundaram Money Fund	505,373	5.07	505,373	5.07
Year 2003-04				

Short Term Investments				
Cholamandalam AMC Ltd	884,428	10.06	884,428	10.06
ING Vysya Liquid Fund	471,423	5.08	-	-
Templeton India Treasury Management Account	4,069	5.06	4,069	5.06

Annexure 8 - Restated Schedule of Consolidated Sundry Debtors

(Amount in Rs. Million)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
SUNDRY DEBTORS- (Unsecured)					
Debts outstanding for a period exceeding six months					
Considered good	33.93	14.27	3.20	0.40	-
Considered doubtful	2.66	6.30	-	-	-
Other Debts					
Considered good	337.56	326.09	161.88	33.40	5.47
Unbilled Revenue	167.79	0.13	-	2.34	-
	541.94	346.79	165.08	36.14	5.47
Less: Provision for Doubtful Debts	2.66	6.30	-	-	-
	539.28	340.49	165.08	36.14	5.47

Annexure 9 - Restated Schedule of Consolidated Cash and Bank Balances

(Amount in Rs. Million)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
CASH AND BANK BALANCES					
Cash on hand	0.20	0.04	0.00	0.00	0.00
Cheques on hand	0.18	-	-	-	-
Balances with scheduled banks:					
- In current account	107.76	34.29	10.60	1.27	5.34
- In deposit account	103.46	5.60	31.08	27.98	3.10

	211.60	39.93	41.68	29.25	8.44
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Annexure 10 - Restated schedule of Consolidated Loans and Advances

(Amount in Rs. Million)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
LOANS AND ADVANCES					
(Unsecured, considered good)					
Advances recoverable in cash or in kind or for value to be received.	20.61	15.99	6.24	3.01	0.07
Other Deposits	51.95	32.80	3.62	0.75	0.21
Advance income tax & tax deducted at source	406.49	187.59	79.07	11.98	0.59
	479.05	236.38	88.93	15.74	0.87

Annexure 11 - Restated Schedule of Consolidated Current Liabilities and Provisions

(Amount in Rs. Million)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
CURRENT LIABILITIES & PROVISIONS					
<i>Current liabilities:</i>					
Sundry creditors					
- for capital items- due to Holding company	73.29	78.78	87.22	96.48	2.54
- for capital items- due to others	41.98	21.19	1.68	1.32	-
- for expenses	129.19	64.98	18.42	4.90	2.35
Deferred revenue	1.07	-	2.86	0.95	-
Credit balance in bank account	-	-	21.09	1.84	1.02
Other liabilities	52.42	4.09	0.39	1.11	0.58
Total Current liabilities	297.95	169.04	131.66	106.60	6.50
<i>Provisions:</i>					
Income Tax	376.69	211.98	89.40	11.30	0.24
Fringe Benefit Tax (Net)*	3.25	-	-	-	-

Employee Benefits	10.06	2.72	1.38	1.54	0.41
Other Provisions	34.90	2.86	2.48	4.78	0.40
	424.90	217.56	93.26	17.62	1.05
Total	722.85	386.60	224.92	124.22	7.55

Annexure 12 - Restated Schedule of Consolidated Share Capital

(Amount in Rs. Million except for no. of shares)

	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
SHARE CAPITAL					
<i>AUTHORISED</i>					
Equity Shares of Rs. 10 each	45.00	30.00	30.00	30.00	30.00
0%, Non-Cumulative Redeemable Preference Shares of Rs. 10 each	-	20.00	20.00	20.00	20.00
Preference Shares of Rs. 10 each	5.00	-	-	-	-
	50.00	50.00	50.00	50.00	50.00
<i>ISSUED, SUBSCRIBED AND PAID UP IN VALUE</i>					
Equity Shares of Rs. 10 each, fully paid up	33.00	10.00	10.00	10.00	10.00
0%, Non -Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up	-	12.87	12.87	12.87	12.87
Preference Shares of Rs. 10 each, fully paid up	3.54	-	-	-	-
Share application money pending allotment	-	0.05	0.03	-	-
	36.54	22.92	22.90	22.87	22.87
<i>ISSUED, SUBSCRIBED AND PAID UP IN QUANTITY</i>					
Equity Shares of Rs. 10 each	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
0%, Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up	-	1,287,189	1,287,189	1,287,189	1,287,189
Preference Shares of Rs. 10 each, fully paid up	353,629	-	-	-	-
Shares held by Holding Company OnMobile Systems Inc.,					
Equity Shares of Rs. 10 each	2,287,169	999,980	999,980	999,980	999,980
0%, Non-Cumulative Redeemable Preference Shares					

of Rs. 10 each, fully paid up	-	1,287,189	1,287,189	1,287,189	1,287,189
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Notes:

1. Non-cumulative, Redeemable Preference Shares issued during 2000-01 are not eligible for any dividend and are convertible at the option of the investor at the end of 5 years, from the date of allotment or at the time of an Initial Public Offer, whichever is earlier, into Equity Share Capital. In terms of the issue, during the year, non-cumulative, redeemable preference shares have been converted into equity shares of Rs. 10/- each fully paid up.

2. Preference Shares issued during the year with rights to dividend ranking in pari passu with the Equity Shares being convertible at any time on or before the occurrence of the Initial Public Offer or a liquidity event as defined in the investor agreement .

3. In the year 2006-07, 5,068 Equity Shares were issued to erstwhile shareholders of ITfinity Solutions Private Limited on its acquisition

Annexure 13 - Restated Schedule of Consolidated Other Income

(Amount in Rs. Million)

	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
OTHER INCOME					
Interest :					
- from deposits with banks	6.61	0.10	0.30	0.21	0.03
- from IT refund	-	-	-	0.00	-
Profit on sale of Assets	0.01	-	-	0.65	-
Accrued yield on investment	34.94	0.99	0.98	0.20	-
Profit on redemption of investments	0.02	0.00	0.12	0.02	-
Exchange Gain	1.82	-	0.02	0.08	0.12
Others	0.01	-	-	-	-
	43.41	1.09	1.42	1.16	0.15

Annexures 14 - Schedule of Capital Commitments and Contingent Liabilities

(Amount in Rs. Million)

Particulars	for the year ended		for the 15 month period ended	For the Year ended	
	March 31, 2007	March 31, 2006		March 31, 2005	December 31, 2002
Capital Commitments	90.15	-	7.37	-	-

Note:

The above does not include any potential customs duty liability arising out of exports obligations to be met. Refer Note B 5 in Annexure 5.

Annexure 15 - Summary of Major Accounting Ratios

(Amount in Rs. Million except for number of shares)

Particulars	for the year ended			for the 15 month period ended	For the Year ended
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
1 Earnings Per Share					
Basic	13	19	11	3	(1)
Diluted	7	7	5	1	-
2 Return on Net Worth (%)	17%	56%	71%	75%	-49%
3 Net Asset Value	613	433	185	45	2
4 Weighted average number of equity shares outstanding during the year (nos)	2,048,839	1,000,000	1,000,000	1,000,000	1,000,000
5 Total number of shares outstanding at the end of the year (nos)	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
6 Weighted average no. of Equity Shares Outstanding during the year, including adjustments for the increase in such shares as a result of issuance of bonus Equity Shares, for all the periods presented (Refer Note 11 of Annexure 5)					
-Basic	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
- Diluted	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457

Notes:

1 The ratios have been computed as below:

Earnings Per Share (Rs.)

Net Profit attributable to equity shareholders as restated

Weighted average number of equity shares outstanding during the year

Return on net worth (%)

Net profit after tax as restated

Net Worth excluding revaluation reserve at the end of the year

Net Asset Value per equity shares(Rs.)

Net worth excluding revaluation reserve and preference share capital at the end of the year

Number of equity shares outstanding at the end of the year.

- 2 Profit and loss as restated has been considered for the purpose of computing the above ratios.
- 3 Earnings per share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India
- 4 The diluted loss per share for the year ended December 31, 2002 is anti dilutive and hence ignored/ not given

Annexure 16 - Related Party Transactions

SI No	Relationship	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
(i)	Controlling Enterprises					
	Holding Company	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA
	Subsidiaries	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.		
		OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.			
		ITfinity Solutions Pvt Ltd. (w.e.f December 22 nd 2006)				
(ii)	Other related parties with whom the company had transactions					
	Key Management Personnel	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao
		Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Abraham Mathews	Abraham Mathews
		Krishna Jha			Amit Kumar Dey	Amit Kumar Dey
		Hemant Attray			Chandramouli Janakiraman	Susmita Bhattacharjee
						Chandramouli Janakiraman

Annexure 16 - Related Party Transactions (Continued)

(Amount in Rs. Million)

	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
1 Income from services					
OnMobile Systems Inc., USA					6.40
Total	-	-	-	-	6.40
2 Remuneration					
Abraham Mathews	-	-	-	1.26	0.06
Amit Kumar Dey	-	-	-	1.57	0.93

	Susmita Bhattacharjee					
		-	-	-	-	0.47
	Arvind Rao	13.85		-	-	-
	Chandramouli Janakiraman	2.71	1.95	2.10	1.99	0.21
	Krishna Jha	0.83	-			
	Hemant Attray	0.83	-			
	Total	18.22	1.95	2.10	4.82	1.67
3	Purchase of fixed Assets/other items					
	OnMobile Systems Inc., USA	-	-	3.39	98.74	3.88
	Total	-	-	3.39	98.74	3.88
4	Sale of fixed Assets/other items					
	OnMobile Systems Inc., USA	-	-	-	-	4.04
	Total	-	-	-	-	4.04
5	Amount Payable					
	OnMobile Systems Inc.	73.29	78.77	87.22	96.48	2.54
	Total	73.29	78.77	87.22	96.48	2.54
6	Amount Receivable					
	Other Advances					
	Arvind Rao	2.10	2.91	2.15	0.93	
	Chandramouli Janakiraman	0.01				
	Total	2.11	2.91	2.15	0.93	-
Notes:						
1. Related party relationships are as identified by the company on the basis of information available with them and accepted by the auditors.						
2. No amount has been written off or written back during the year in respect of debts due from or to related party.						

Annexure 17 - Capitalization Statement of the Group as at March 31, 2007

(Amount in Rs. Million)

Particulars	Pre- Issue as at March 31, 2007	Post-Issue as at March 31, 2007
Total Debt		
Short Term Debt	-	
Long Term Debt	-	
Total	-	
Total Shareholders Fund		Will be determined on finalization of issue price
Share Capital	36.54	
Securities Premium	1,230.06	
General reserve	4.00	
Profit and Loss Account	756.18	
Total	2,026.78	
Total Capitalization	2,026.78	
Long Term Debt to Total Shareholders' Funds		-

Notes:

- 1 *The above has been computed on the basis of restated statement of accounts.*
 - 2 *Short Term Debts are debts maturing within next one year from the date of the respective statement of accounts.*
 - 3 *The above ratio has been computed on the basis of total long term debt divided by shareholder's funds.*
-

UNCONSOLIDATED FINANCIAL INFORMATION OF ONMOBILE GLOBAL LIMITED

The Board of Directors
OnMobile Global Limited
Bangalore

Dear Sirs,

Re: Public issue of Equity Shares of OnMobile Global Limited (formerly OnMobile Asia Pacific Private Limited)

We have examined the financial information of OnMobile Global Limited (formerly OnMobile Asia Pacific Private Limited) ('the Company'), annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ('the DRHP') and initialed by us for identification. The financial information has been prepared by the Company and approved by the Board of Directors which has been prepared in accordance with:

- a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b) Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification;
- c) the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares.

Financial Information as per the Audited Financial Statements

1. We have examined the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at December 31, 2002; March 31, 2004, 2005, 2006, 2007 and June 30, 2007 (Annexure 1), the attached 'Restated Summary Statement of Profits and Losses' for the year ended December 31, 2002, 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006, 2007 and 3 months period ended June 30, 2007 (Annexure 2) and the attached 'Restated Cash Flow Statement' for the year ended December 31, 2002, 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007 (Annexure 3), together referred to as 'Restated Summary Statements'. These Restated Summary Statements have been extracted from the financial statements of the year ended December 31, 2002; 15 months period ended March 31, 2004, years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007 adopted by the Board of Directors for those respective years and have been audited by us.

Based on our examination of these Restated Summary Statements, we state that:

- a) Annexure 1 contains the Restated Summary Statement of Assets and Liabilities of the Company as at December 31, 2002; March 31, 2004, 2005, 2006, 2007 and June 30, 2007;
- b) Annexure 2 contains the Restated Summary Statement of Profits and Losses of the Company for the year ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007;
- c) Annexure 3 contains the Restated Cash Flow Statement for the year ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007;
- d) Annexure 4 contains the Notes on adjustments made in the Restated Summary Statements, which have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at June 30, 2007; and
- e) Annexure 5 contains Summary of Significant Accounting Policies and Notes.

Other Financial Information

2. We have examined the following information as at and for the years ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007 of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report:
 - a) Annexure 6 contains Restated Schedule of Fixed Assets;
 - b) Annexure 7 contains Restated Schedule of Investments;
 - c) Annexure 8 contains Restated Schedule of Sundry Debtors;
 - d) Annexure 9 contains Restated Schedule of Cash & Bank Balances;
 - e) Annexure 10 contains Restated Schedule of Loans and Advances;
 - f) Annexure 11 contains Restated Schedule of Current Liabilities and Provisions;
 - g) Annexure 12 contains Restated Schedule of Share Capital;
 - h) Annexure 13 contains Restated Schedule of Other Income;
 - i) Annexure 14 contains Restated Schedule of Contingent Liabilities and Capital Commitments.
 - j) Annexure 15 contains Restated Summary of Major Accounting Ratios;
 - k) Annexure 16 contains Related Party Disclosure and
 - l) Annexure 17 contains Restated Statement of Tax Shelter;
3. We have examined the Capitalisation Statement as at June 30, 2007 included in Annexure 18.
4. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above as at and for the years ended December 31, 2002; 15 months period ended March 31, 2004, each of the years ended March 31, 2005, 2006 and 2007 and 3 months period ended June 30, 2007 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report neither should in any way be construed as a reissuance or redating of any of the previous audit reports nor should this be construed as a new opinion on any of the Financial Statements referred to herein.

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

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.: 84494

Bangalore
August 30, 2007

Annexure 1 - Restated Summary Statement of Assets and Liabilities

(Amount in Rs. Million)

	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
FIXED ASSETS						
Gross Block	683.16	567.03	355.98	181.34	115.44	12.82
Less : Accumulated depreciation	331.65	285.05	142.99	57.90	13.11	6.08
Net Block	351.51	281.98	212.99	123.44	102.33	6.74
Capital Work in Progress	70.53	42.87	-	5.05	-	-
Total	A 422.04	324.85	212.99	128.49	102.33	6.74
INVESTMENTS	B 918.07	1,242.63	31.69	10.42	5.08	-
Deferred tax liability (net)	C (19.87)	(29.66)	(23.38)	(11.30)	(8.06)	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventory		-	-	-	1.58	0.68
Sundry debtors	710.52	514.07	341.12	165.07	36.14	5.47
Cash and bank balances	200.98	197.37	35.70	41.23	29.25	8.44
Loans and advances	556.71	465.18	237.48	90.22	15.74	0.87
Total	D 1,468.21	1,176.62	614.30	296.52	82.71	15.46
Total (A+ B+ C+ D)	E 2,788.45	2,714.44	835.60	424.13	182.06	22.20
LIABILITIES AND PROVISIONS						
Secured Loans		-	-	-	-	-
UnSecured Loans		-	-	-	-	-
Current Liabilities & Provision	873.81	692.53	387.75	224.87	124.22	7.55
Total	F 873.81	692.53	387.75	224.87	124.22	7.55
Net Worth(E-F)	G 1,914.64	2,021.91	447.85	199.26	57.84	14.65
Net Worth represented by						
Share capital	36.98	36.54	22.87	22.87	22.87	22.87
Share application money pending allotment	-	-	0.05	0.03	-	-
Reserves & surplus	1877.66	1,985.37	424.93	176.36	34.97	(8.22)

Total	I						
		1,914.64	2,021.91	447.85	199.26	57.84	14.65

Annexure 2 - Restated Summary Statement of Profits and Losses

(Amount in Rs. Million)

	For the 3 month period ended	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
INCOME						
Telecom Value Added Services						
- Domestic	451.74	1,252.22	782.93	387.76	118.65	14.05
- Export	22.35	27.30	0.51	0.57	-	6.40
Software Licence Fee	-	13.50	27.00	14.06	50.75	-
Other Services	2.45	10.13	14.37	7.07	3.24	-
Other income	26.17	42.77	1.19	1.82	1.22	0.15
Net Revenue	502.71	1,345.92	826.00	411.28	173.86	20.60
EXPENDITURE						
Cost of Sales & Services						
Manpower costs	79.46	235.55	122.59	59.58	49.37	6.55
Administration and other expenses	113.14	247.14	103.71	45.68	35.76	12.44
	90.45	227.65	126.85	38.67	17.88	4.90
Total Operating Expenses	283.05	710.34	353.15	143.93	103.01	23.89
Earnings before Interest, Tax and Depreciation	219.66	635.58	472.85	267.35	70.85	(3.29)
Depreciation						
	42.97	142.25	85.10	44.78	8.52	4.00
Earnings before Interest and Tax	176.69	493.33	387.75	222.57	62.33	(7.30)
Finance charges						
	0.06	0.16	-	-	-	-
Earnings before Tax	176.63	493.17	387.75	222.57	62.33	(7.30)
Provision for taxation						
- current tax	61.20	151.00	123.90	78.10	11.30	0.25
- deferred tax	(6.48)	6.29	12.08	3.24	8.06	0.04
- fringe benefit tax	3.18	5.51	3.20	-	-	-
- Excess provision in earlier years		-	-	-	(0.11)	-

Earnings after Tax	118.73	330.37	248.57	141.23	43.08	(7.59)
Adjustments on account of: (Refer Annexure 4)						
Impact on change of accounting policies	-	-	-	0.16	0.27	0.22
Impact on material adjustment and prior period items	-	-	-	-	(0.16)	0.16
Adjusted Profit/(loss)	118.73	330.37	248.57	141.39	43.19	(7.21)
Balance brought forward from previous year	755.30	424.94	176.36	34.98	(8.22)	(1.01)
Adjustment arising out of Amalgamation (Refer Note 5(b) in Annexure 5)	(19.10)	-	-	-	-	-
Provision for Leave Encashment (Refer Note 7 ii (a) in Annexure 5)	(7.00)	-	-	-	-	-
Transfer to Capital Redemption Reserve (Refer Note 5(c) in Annexure 5)	(0.09)	-	-	-	-	-
Balance carried forward to Balance sheet	847.85	755.30	424.94	176.36	34.98	(8.22)
No. of Equity Shares of 10 each outstanding	3,343,880	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
Weighted average no. of Equity Shares of 10 each outstanding						
-Basic	43,568,637	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
-Diluted	50,267,989	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457
Earnings/ (Loss) Per Share (Rs.)						
- Basic	3	12	19	11	3	(1)
-Diluted	2	7	7	5	1	-

1. Earnings per share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India

2. The diluted loss per share for the year ended December 31,2002 is anti dilutive and hence ignored/ not given

3. In the general meeting held on August 17, 2007 the shareholders have consented for issuance of 12 Equity shares of face value of Rs. 10 each as bonus shares for every one share held by the Equity shareholders of the Company whose name appear in the register of members as on the record date, by capitalisation of Capital Redemption Reserve and Securities Premium account. Subsequently, the Board of Directors by a circular resolution on August 18, 2007 have allotted the said bonus shares. Consequently, the calculation of basic and diluted earnings per share has been adjusted

for the increase in the number of Equity Shares outstanding as a result of the issuance of bonus Equity Shares, for all the periods presented.

Annexure 3 - Restated Cash Flow Statement

(Amount in Rs. Million)												
For the 3 month period ended		For the year ended		For the year ended		For the year ended		For the 15 month period ended		For the year ended		
June 30, 2007		March 31, 2007		March 31, 2006		March 31, 2005		March 31, 2004		December 31, 2002		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A. Cash flow from operating activities												
Earnings before taxation												
	176.63		493.17		387.75		222.73		62.55		(7.02)	
Depreciation and amortisation	42.97		142.25		85.10		44.78		8.52		4.00	
Interest income	(2.08)		(6.56)		(0.20)		(0.30)		(0.22)		(0.03)	
Yield on investments	(20.13)		(34.93)		(0.99)		(0.99)		(0.20)		-	
Profit on sale of assets	-		(0.01)		-		-		(0.65)		-	
Profit on redemption of investments	-		(0.02)		(0.00)		(0.12)		(0.02)		-	
Unrealised foreign exchange gain / loss	(5.56)		(1.76)		1.91		0.42		-		-	
Preliminary expenses written off			-		-		-		-		-	
Finance Charges	0.06	15.26	0.16	99.13	-	85.82	-	43.80	-	7.43	-	3.97
Changes in current assets and liabilities												
Inventory					-		1.58		(0.90)		(0.68)	
Sundry debtors	(172.68)		(173.08)		(176.40)		(128.94)		(30.67)		3.81	
Loans and advances	(36.51)		(19.38)		(33.69)		(7.45)		(3.48)		0.18	
Current liabilities and provisions	91.29	(117.90)	152.45	(40.00)	38.68	(171.41)	22.22	(112.59)	105.60	70.56	5.71	9.02
Net cash generated from operations	73.99		552.30		302.16		153.94		140.55		5.97	
Income taxes, TDS and FBT paid during the year	(40.02)		(210.60)		(112.99)		(67.09)		(11.64)		(0.46)	
Net cash generated from operating activities (A)	33.97		341.70		189.17		86.85		128.91		5.51	
B. Cash flow from investing activities												
Purchase of fixed assets and	(138.67)		(254.12)		(174.64)		(70.95)		(104.68)		(2.84)	

change in capital work-in-progress												
Proceeds from sale of fixed assets	-		0.01		-		-		1.23		4.51	
Investment in subsidiaries	(4.06)		(195.07)		(5.34)		(0.28)		-		-	
Sale/ (Investment) in securities	122.46		(995.73)		(15.93)		(4.95)		(5.06)		-	
Interest income	2.08		6.56		0.20		0.30		0.22		0.03	
Yield on investments	12.91	(5.27)	33.21	(1405.14)	1.00	(194.72)	0.99	(74.89)	0.20	(108.10)	-	1.70
Net cash used in investing activities (B)		(5.27)		(1,405.14)		(194.72)		(74.89)		(108.10)		1.70
C. Cash flow from Financing activities												
Proceeds from issuance of share capital net of share issue expense of Rs. 80,396,948/- for the year 2006-07	(33.04)		1,225.27		0.03		0.03		-		-	
Finance charges	(0.06)	(33.10)	(0.16)	1,225.11	-	0.03	-	0.03	-	-	-	-
Net cash used in financing activities (C)		(33.10)		1,225.11		0.03		0.03		-		-
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		(4.40)		161.67		(5.52)		11.98		20.81		7.20
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		197.37		35.70		41.23		29.25		8.44		1.23
CASH AND CASH EQUIVALENTS OF ITFINTY SOLUTIONS PVT LTD AT THE BEGINNING OF THE YEAR		8.01		-		-		-		-		-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		200.98		197.37		35.70		41.23		29.25		8.44

Annexure 4 - Summary of adjustment on account of change in accounting policies, prior period items and material items

(Amount in Rs. Million)

Particulars	For the 3 month period ended June 30, 2007	For the Year ended March 31, 2007	For the Year ended March 31, 2006	For the Year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the Year ended December 31, 2002
Profit/(Loss) as per audited Accounts	118.73	330.37	248.57	141.23	43.08	(7.59)
<i>Impact on changes in accounting policies</i>						
Miscellaneous Expenditure	0	-	-	0.16	0.27	0.22
<i>Impact on material adjustment and prior period items</i>						
Excess provision written back	0	-	-	-	(0.16)	0.16
Adjusted Profit/(loss) Accounts	118.73	330.37	248.57	141.39	43.19	(7.21)

Explanatory Notes for these adjustments are discussed below:

- a) **Miscellaneous Expenditure:-** Until the financial year ended December 31, 2000, the Company had incurred certain 'preliminary expenditure', which was being amortized over a period of five years in line with the then Accounting Standard. As Accounting Standard 26 on 'Intangible Assets', was made mandatory for the accounting period commencing on or after April 1, 2003 the Group changed its policy to charge such expenses to the profit & loss account in the year in which they were incurred.

Accordingly the carrying amount of preliminary expenditure forming part of the Balance Sheets as at December 31, 2002, March 31, 2004 and March 31, 2005 which were not recognised in the Profit & Loss account have now been restated and recognised in the year to which it relates.

- b) **Excess Provision Written Back:-** Excess provision written back in the profit and loss account pertaining to earlier financial years has now been restated and recognized as income in the respective years to which they were related.

Annexure 5 - Significant Accounting Policies and Notes on Accounts

A Significant accounting policies

1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”). GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (“ICAI”) and the provisions of the Companies Act, 1956.

The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Examples of such estimates includes provision for doubtful debts, future obligations under employee benefit plans, income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reliably estimated. When no reliable estimate can be made, a disclosure is made as contingent liability.

Actual results could differ from those estimates.

3. Revenue Recognition

Revenue from Telecom Value Added Services including royalty income, net of customer credits, is recognized on provision of services in terms of revenue sharing arrangements with the telecom operators.

Revenue from sale of user licences for software applications is recognized when the applications are functionally installed at the customer’s location as per the terms of the contracts.

Revenue from Other Services including maintenance services is recognized proportionately over the period during which the services are rendered as per the terms of contract.

Yield on investment is recognized on an accrual basis. Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

4. Fixed assets

Fixed assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses relating to acquisition and installation.

Capital work in progress is stated at cost and includes advances paid to acquire fixed assets and the cost of fixed assets that are not ready for their intended use at the balance sheet date.

5. Depreciation

Depreciation on Furniture & Fixtures, Office equipment, Computers & Electronic equipment and Computer Software is provided using the straight-line method over three years, based on useful/commercial lives of these assets as estimated by the management. The depreciation rates adopted are higher than the rates specified in Schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase.

6. Investments

Short term investments are stated at lower of cost or market value and includes yield accrued.

Long term investments are stated at cost. Provision is made for any diminution in value of long term investment and other than that of a temporary nature.

7. Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and Monetary liabilities denominated in foreign currencies are translated at the exchange rate prevalent at the date of the Balance sheet. Exchange differences arising on foreign currency translations are recognized as income or expense in the year in which they arise.

8. Employee Benefits

a) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund are recognised in the Profit and Loss Account

b) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India, are determined by Actuarial Valuation made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the balance sheet.

Actuarial gain and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c) Liability for Leave Encashment is provided based on accumulated leave credit outstanding to the employees as on the date of balance sheet.

9. Employee Stock Option Plan

The company has formulated 3 Employee Stock Option Plans ("ESOP") - OnMobile Employees Stock Option Plan – I 2003, OnMobile Employees Stock Option Plan – II 2003 and OnMobile Employees Stock Option Plan – III 2006.

The company not being a listed company is not governed by SEBI (Employee Stock Option Scheme & Employee Stock Purchase Plan) Guidelines 1999. Further, the company has obtained legal opinion that the guidance note on Accounting for Employees Share based payments are not applicable to OnMobile ESOP – I 2003 and II 2003. Options granted in terms of OnMobile Employee Stock Option Plan – III 2006, to which the said guidance note is applicable, are accounted under intrinsic value method and accordingly, the difference between the fair value of the underlying shares and the exercise price, if any, is expensed as to profit and loss account over the period of vesting.

10. Leases

Leases arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are charged to the Profit & Loss account on accrual basis. Assets acquired under finance lease arrangements are recognised as an asset and a liability is set up at the inception of the lease, at an amount equal to lower of the fair value of the leased assets or the present value of the future minimum lease payments.

11. Income Tax

Income tax comprises the current tax provision, net change in deferred tax asset or liability in the year and fringe benefit tax.

Provision for current tax is made taking into account the admissible deductions/allowances and is subject to revision based on the taxable income for the fiscal year ending 31st March each year.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between carrying values of the assets and liabilities and their respective tax bases and are measured using enacted tax rates applicable on the Balance sheet date. Deferred Tax assets are recognized subject to management's judgement that realization is virtually certain.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period of enactment of change.

Fringe benefit tax is provided as per provisions of the Income Tax Act, 1961.

12. Cash flow Statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

13. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

14. Earning per Share

In determining the earning per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

15. Provisions and Contingencies

Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Provision for warranty is based on past technical experience.

B Notes on Accounts

1. The name of the Company was changed to "OnMobile Asia Pacific Private Limited" from "Onscan Technologies India Private Limited" with effect from April 10, 2001.

2. Capital commitment at the year end

(Amount in Rs. Million)

For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the year ended December 31, 2002
40.92	90.15	Nil	7.37	Nil	Nil

3. During the year 2005-06 the Company has been named as one of the 18 defendants in a civil dispute for injunction pending adjudication. However in the opinion of the management no liability would arise in this regard.

4. The company has imported certain plant & machinery including on loan basis, at concessional/nil rate of duty under Software Technology Park of India Scheme with an obligation to export software of a specified value by June 30, 2007. As at June 30, 2007 there is a shortfall in meeting the export obligation amounting to Rs. 107.99 Million. The Company has obtained approval from Software Technology Park of India for extension of the Export Obligation upto March 31, 2008. The Company has filed an application to Software Technology Park of India for extending the Export Obligation period to 2009-2010 which is pending. Pending receipt of the extension, the company is contingently liable for customs duty amounting to Rs. 11.84 Million, interest thereon and penalty of the equivalent amount against export obligations to be met. The company has provided bank guarantee of Rs. 0.48 Million (net of margin money deposit) in respect of the same.

5. Amalgamation with ITfinity Solutions Pvt Ltd.

a) ITfinity Solutions Private Ltd, a subsidiary company has been amalgamated with the Company with effect from April 1, 2006, in terms of the Scheme of Amalgamation (“the Scheme”) sanctioned by the Honorable High Court of Karnataka, Bangalore and the High Court of Judicature at Bombay vide their orders dated March 27, 2007 and April 21, 2007 respectively. The Scheme came into effect on May 14, 2007 and pursuant thereto all assets and debts, outstanding, credits, liabilities, benefits under income tax, excise, sales tax (including deferment of sales tax) benefits for and under STPI registrations, duties and obligations have been transferred to and vested in the company retrospectively with effect from April 1, 2006.

Pursuant to the Scheme, the investment held by the Company in the said subsidiary is cancelled and the balance consideration to the minority shareholders aggregating to Rs. 191.66 Million is paid by allotment of 30,997 equity shares of Rs. 10/- each fully paid up and 21,774 preference shares of Rs. 10/- each fully paid up in the Company.

The amalgamation have been accounted for under the “ Purchase Method “as prescribed by the Accounting Standard (AS-14) prescribed by the Companies (Accounting Standards) Rules 2006 and in accordance with the Scheme, the assets and liabilities have been taken over at their book values. In terms of the scheme, the excess of consideration over the value of the net assets taken over being Goodwill arising on amalgamation as calculated below has been appropriated against the Securities Premium account.

Goodwill arising on amalgamation:

Assets & Liabilities taken over:

	(Rs.in million)	
Fixed Assets	1.20	
Investment	1.11	
Current Asset	58.91	
Current Liabilities	(14.59)	
Miscellaneous Expenditure	0.07	
Deferred Tax liabilities	(0.08)	
Total Net Assets as on April 1, 2006	46.62	A
Value of Consideration to Minority Shareholders	191.66	B
Cancellation of Investments	213.48	C
Goodwill on Amalgamation (Adjusted against Securities Premium Account)	358.52	(B+C-A)

b) Adjustments arising out of amalgamation:

Rs.

Net Profit for the year from April 1, 2006 to March 31, 2007	19.45
Less: Adjustments towards uniform Accounting Policies	0.84
Less: Dividend paid during April 1, 2006 to December 22, 2006 before ITFinity became a subsidiary of the Company	37.71
Net adjustments arising out of amalgamation	(19.10)

c) Of the shares issued and allotted to the minority Shareholders of ITfinity Solutions Pvt. Ltd., as discussed in Para 5(a) above, 9,098 Preference shares were redeemed on June 01, 2007 at a premium of Rs. 3,622 each and 12,676 Preference Shares of Rs. 10/- each were converted into equity shares of Rs. 10/- each at par.

Capital Redemption Reserve has been credited to the extent of the face value of the Preference Shares redeemed during the year.

d) 24,430 Equity Shares issued to the founding members of ITFinity on its amalgamation, have been retained in an escrow up to the committed period of their employment being up to December 20, 2008 ("Employment Period"). On expiration of the Employment Period, the shares shall be released to the Founders. According to the Employment Agreement read along with the Merger Agreement and the Escrow Agreement, if in case the employment gets terminated within the Employment Period due to reasons stated therein, the shares shall be transferred back to the Company.

6. Investments, loans and advances to wholly owned subsidiary:

(i) Investment in the wholly owned Subsidiaries has been made considering strategic business expansion plan. In the opinion of the management and considering intrinsic value and the business potential of the subsidiaries, the investment has been carried at cost.

(ii) The Company has given loan to its wholly owned subsidiaries aggregating Rs 1.45 Million as on June 30, 2007, Rs. 1.44 Million as on March 31, 2007, Rs. 1.35 Million as on March 31, 2006, Rs. 1.30 Million as on March 31, 2005 including interest accrued amounting to Rs.0.01 Million, Rs. 0.06 Million, Rs. 0.05 Million and Rs. Nil respectively, which in the opinion of the Management is realizable in full.

7. Employee Benefits

The Company has adopted the revised Accounting Standard (AS) 15 on Employee Benefits with effect from 1st April 2007, the details of which are given below:

I Defined Contribution Plans

During the year, the Company has recognized the following amount in the Profit and Loss Account-

Particulars	(Rs in millions)
Employers' Contribution to Provident Fund including Family Pension Fund	3.84*

* Included in Contribution to provident and other funds

II Defined Benefit Plan

a) Defined Benefit Plan (Leave Encashment):

In accordance with revised Accounting Standard 15 "Employee Benefit", issued by the Institute of Chartered Accountants of India, the transitional liability of Rs 10.52 Million in respect of unutilised leave salary existing as on 31 March 2007 is adjusted against opening balance of surplus in Profit & Loss account, net of deferred tax adjustment of Rs 3.52 Million.

Leave encashment benefit expensed in the Profit & Loss Account for the year is Rs.9.84 Million.

b) Contribution to Gratuity Fund:

In accordance with Accounting Standard 15 (Revised 2005) actuarial valuation as on June 30, 2007 has been done in respect of the aforesaid defined benefit plan of Gratuity based on the following assumptions.

Particulars	30 th June 2007
Discount Rate	8.3%p.a
Expected Rate of Return on Plan Assets	7.5% p.a
Salary Escalation Rate	10.0% p.a for the first 5 years and 7% p.a thereafter

Change in Present Value of Obligation:-

Particulars	30 th June 2007 Rs. In Million
Present Value of Obligation as at April 1st 2007	4.92
Current Service Cost	0.57
Interest on Defined Benefit Obligation	0.09
Benefits Paid	-
Net Actuarial Losses / (Gains) Recognized in Year	1.31
Past Service Cost	-
Losses / (Gains) on "Curtailements & Settlements"	-
Closing Present Value of Obligations	6.90

Change in the Fair Value of Assets

Particulars	30 th June 2007 Rs. In Million
Opening Fair Value of Plan Assets	1.92
Expected Return on Plan Assets	0.04
Actuarial Gains / (Losses)	(0.10)
Assets Distributed on Settlements	-
Contributions by Employer	1.07
Assets Acquired due to Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	-
Closing Fair Value of Plan Assets	2.94

Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of plan assets:

Particulars	30 th June 2007 Rs. In Million
Closing Present Value of Funded Obligations	6.90
Closing Fair Value of Plan Assets	(2.94)
Closing Funded Status	3.96
Unrecognized Actuarial (gains) / losses	-
Unfunded Net Asset / (Liability) recognised in Balance Sheet	-

Amount recognized in the Balance Sheet

Particulars	30 th June 2007 Rs. In Million
Closing Present value of obligations	6.90
Closing Fair Value of plan assets	(2.94)
Liability Recognised in the Balance Sheet	3.96

Expenses recognized in the Profit & Loss Account

Particulars	30 th June 2007
	Rs. In Million
Current Service Cost	0.57
Past Service Cost	-
Interest Cost	0.10
Expected Return on Plan Assets	(0.04)
Actuarial (Losses) / Gain	1.41
Losses / (Gains) on “Curtailments & Settlements”	
Total Expenses to be recognized in the Profit & Loss Account	2.04

This being the first year of adoption of revised AS-15 Employee Benefits, no comparative information and other disclosures relating to previous year have not been provided in this account.

8. Employee Stock Option Plans

a) During the year 2003-2004 the Company introduced ‘OnMobile Employees Stock Option Plan – I 2003’ and ‘OnMobile Employees Stock Option Plan – II 2003’ for the benefit of the employees, as approved by the board of directors in the meeting held on October 31, 2003 and December 4, 2003 respectively and Extra Ordinary General Meeting held on March 5, 2001 the Company has appropriated 1,026,000 & 114,000 equity shares of Rs.10/- each respectively to be granted to the eligible employees. The options are to be granted at the discretion of the compensation committee at the exercise price determined by them. In accordance with the terms of the stock option plans, 25% of such Options granted would vest at the end of twelve (12) months from the date the Optionee becomes an employee of the company and the remaining 75% would vest at a rate of 1/36th per month for the next thirty six (36) months from the first Vesting.

Numbers of options granted, exercised and forfeited during the years under the above scheme are given below:

	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004
Options granted outstanding at the beginning of the year	130,113	1,060,376	706,815	709,496	Nil
Granted in the earlier years not considered		Nil	28,670	Nil	Nil
Granted during the year	32,923	71,899	334,880	Nil	709,496
Exercised during the year	-	972,681	2,588	2,681	Nil
Forfeited during the year	986	29,471	7,401	Nil	Nil
Options granted outstanding at the end of the year	162,050	130,113	1,060,376	706,815	709,496

Of the above grants outstanding, grants vested as on the balance sheet date were

For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004
23,937	2,604	655,787	566,969	445,968

As discussed in para A (9) above, based on the legal opinion no compensation cost is recognized in the accounts with respect to the above.

b) During the year 2006-2007 the Company introduced ‘OnMobile Employees Stock Option Plan – III 2006’ vide Board Resolution dated July 24, 2006 and Shareholders Resolution dated July 24, 2006. A total of 44,923 options have been appropriated to be granted to the eligible employees. The options to the directors are to be granted at the discretion of the Board of Directors and the options to the employees are

to be granted by compensation committee at the exercise price determined by them respectively. In accordance with the terms of the stock option plans, 25% of such Options granted would vest at the end of twelve (12) months from the date the Optionee becomes an employee/director of the company and the remaining 75% would vest at a rate of 1/36th per month for the next thirty six (36) months from the first Vesting.

Numbers of options granted, exercised and forfeited during the year under the said scheme are given below:

	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007
Options granted outstanding at the beginning of the Period	-	-
Granted during the period	12,000	-
Exercised during the year	-	-
Forfeited during the year	-	-
Options granted outstanding at the end of the year	12,000	-
Options excisable at the year end	-	-
Weighted average remaining contractual life (years)at the year end	4.6	-
Weighted average exercise price	Rs. 2,735	-

The Company has accounted the above options using the intrinsic value method and thus, the difference between the fair value of the underlying shares in the year of grant and the options exercise value is charged to the profit and loss account. Accordingly, the compensation charge thereon in the current period is Rs. 0.16 Million.

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and EPS both basic & diluted, had the Company adopted the fair value method. Had the Company accounted the option under fair value method, amortizing the stock compensation expense thereon over the vesting period, the reported profit for the period ended June 30, 2007 would have been lower by Rs. 4.17 Million and Basic and diluted EPS would have been revised to Rs. 2.63 and 2.28 respectively as compared to 2.73 and 2.36 without such impact.

The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend rate of 1% on the underlying equity shares, volatility in the share price of 59% and a risk free rate of 7%. The Company's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur. The expected volatility is based on historical volatility of the share price during the year after eliminating the abnormal price fluctuations.

9. Segment Reporting:

The Company is engaged in providing Software Services globally and is considered to constitute a single segment in the context of AS – 17 on “Segment Reporting” issued by The Institute of Chartered Accountants of India. Geographical Segment constitutes the Secondary Segment of Company and the secondary segment details are given below.

	(Amount in Rs. Million)					
	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
Domestic Income	454.19	1,275.85	824.29	408.89	172.64	14.05
Export	22.35	27.30	0.51	0.57	Nil	6.40

Segment assets, segment liabilities and fixed assets used in the company's business have not been identified to any reportable segment as these are used interchangeably between segments and hence

segment disclosures related to the total carrying amount of the segment assets, segment liabilities and fixed assets have not been given.

10. Related Parties

I. List of Related parties and relationship:

Sl No	Relationship	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
(i) Controlling Enterprises							
	Holding Company	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA
	Subsidiaries	OnMobile Singapore Pte. Ltd	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.		
		OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.			
		Pt OnMobile Indonesia	ITfinity Solutions Pvt Ltd. (w.e.f December 22 nd 2006)				
(ii) Other related parties with whom the company had transactions							
	Key Management Personnel	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao
		Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Abraham Mathews	Abraham Mathews
						Amit Kumar Dey	Amit Kumar Dey
						Chandramouli Janakiraman	Susmita Bhattacharjee
							Chandramouli Janakiraman

II Transactions with Related Parties

(Amount in Rs. Million)

	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
1 Income from services						
OnMobile Systems Inc., USA	-	-	-	-	-	6.40
OnMobile Singapore Pte. Ltd.	11.29	2.57	-	0.57	-	-
OnMobile Australia Pty. Ltd.	5.33	13.86	0.63	-	-	-
Total	16.62	16.43	0.63	0.57	-	6.40
2 Business Development expenses						

OnMobile Singapore Pte. Ltd.	4.05	7.39	5.80	-	-	-
OnMobile Australia Pty. Ltd.	5.23	16.36	7.80	-	-	-
OnMobile Systems Inc., USA	-	-	-	-	-	-
Total	9.28	23.75	13.60	-	-	-
3 Remuneration						
Abraham Mathews	-	-	-	-	1.26	0.06
Amit Kumar Dey	-	-	-	-	1.57	0.93
Susmita Bhattacharjee	-	-	-	-	-	0.47
Arvind Rao	4.85	13.85	-	-	-	-
Chandramouli Janakiraman	1.75	2.71	1.95	2.10	1.99	0.21
Total	6.60	16.56	1.95	2.10	4.82	1.67
4 Grant of Loan						
OnMobile Singapore Pte. Ltd	-	-	-	1.30	-	-
Total				1.30		
5 Purchase of fixed Assets/other items						
OnMobile Systems Inc., USA	-	-	-	3.39	98.74	3.88
Total	-	-	-	3.39	98.74	3.88
6 Sale of fixed Assets/other items						
OnMobile Systems Inc., USA	-	-	-	-	-	4.04
Total	-	-	-	-	-	4.04
7 Amount Payable						
OnMobile Singapore Pte. Ltd.	-	1.43	1.27	-	-	-
OnMobile Australia Pty. Ltd.	11.46	6.67	1.50	-	-	-
OnMobile Systems Inc.	68.22	73.29	78.77	87.22	96.48	2.54
Total	79.68	81.39	81.54	87.22	96.48	2.54
8 Amount Receivable						
A Loan						
OnMobile Singapore Pte. Ltd	1.44	1.39	1.35	1.30	-	-
B Accrued interest						
OnMobile Singapore Pte. Ltd	0.01	0.05	0.05	-	-	-
C Other Advances						
Arvind Rao	1.51	2.10	2.91	2.15	0.93	-
Chandramouli Janakiraman	0.17	0.01	-	-	-	-
OnMobile Singapore Pte. Ltd.	5.19	-	-	0.46	-	-
D Sundry Debtors						
OnMobile Singapore Pte. Ltd.	13.63	2.44	-	-	-	-
OnMobile Australia Pty. Ltd.	13.19	7.83	-	-	-	-
Total	35.14	13.82	4.31	3.91	0.93	-

Notes:

- (a) Related party relationships are as identified by the company on the basis of information available with them and accepted by the auditors.
- (b) No amount has been written off or written back during the year in respect of debts due from or to related party.

11. Earnings per Share

The earnings per share, computed as per requirements of Accounting Standard 20 – Earnings per Share, issued by the Institute of Chartered Accountants of India, is as under:

(Amount in Rs. Million except no. of shares)						
Particulars	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
Profit after tax as per the Profit & Loss Account	118.73	330.37	248.57	141.39	43.19	(7.21)
<i>Weighted average number of Shares for Basic EPS</i>	43,568,637	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
Add: Effect of weighted average no. of Convertible Preference Shares	4,597,177	19,418,369	16,733,457	16,733,457	16,733,457	16,733,457
Add: Effect of weighted average no. of options outstanding	2,262,650	1,691,469	13,784,888	9,188,595	9,223,448	-
Less: No. of shares that would have been issued at fair value	160,475	6,063	9,075,678	9,188,595	9,223,448	-
<i>Weighted Average Number of equity shares for diluted EPS</i>	50,267,989	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457
Nominal value of equity shares	10	10	10	10	10	10
Earnings/ (Loss) Per Share :						
Basic (Rs.)	3	12	19	11	3	(1)
Diluted (Rs.)	2	7	7	5	1	-

Note:

- The diluted loss per share for the year ended December 31, 2002 is anti dilutive and hence ignored/ not given.
- In the annual general meeting held on August 17, 2007 the shareholders have consented for issuance of 12 Equity shares of face value of Rs. 10 each as bonus shares for every one share held by the Equity shareholders of the Company whose name appear in the register of members as on the record date, by capitalisation of capital redemption reserve and securities premium account. Subsequently, the Board of Directors by a circular resolution on August 18, 2007 have allotted the said bonus shares. Consequently, the calculation of basic and diluted earnings per share has been adjusted for the increase in the number of Equity Shares outstanding as a result of the issuance of bonus Equity Shares, for all the periods presented.

12. Accounting For Taxes On Income

In accordance with the Accounting Standard 22 – “Accounting for Taxes on Income”, issued by the Institute of Chartered Accountants of India, the company has created a deferred tax asset to the extent of Rs. 6.48 Million for the current period, which has been debited to the Profit & Loss account. Details of Deferred Tax Asset and Liabilities are:

(Amount in Rs Million)

Particulars	Opening Balance	Current year (credit)/charge	Closing Balance
Difference between book & tax depreciation	-	8.61	8.61
Others (Provision for gratuity, leave encashment etc..)	-	(0.55)	(0.55)
Def Tax (Assets)/ Liabilities as on 31.3.2004	-	8.06	8.06
Difference between book & tax depreciation	8.61	3.16	11.77
Others (Provision for gratuity, leave encashment etc..)	(0.55)	0.08	(0.47)
Def Tax (Assets)/ Liabilities as on 31.3.2005	8.06	3.24	11.30
Difference between book & tax depreciation	11.77	14.64	26.41
Others (Provision for gratuity, leave encashment etc..)	(0.47)	(2.56)	(3.03)
Def Tax (Assets)/ Liabilities as on 31.3.2006	11.30	12.08	23.38
Difference between book & tax depreciation	26.41	7.12	33.53
Others (Provision for gratuity, leave encashment etc..)	(3.03)	(0.84)	(3.87)
Def Tax (Assets)/ Liabilities as on 31.3.2007	23.38	6.28	29.66
Difference between book & tax depreciation	33.53	(0.14)	33.39
Others (Provision for gratuity, leave encashment etc..)	(3.87)	(9.65)	(13.53)
Deferred Tax – from ITfinity	0.20	(0.20)	-
Total	29.86	(9.99)	19.86

Out of above credit for the current period, Rs 3.52 Million has been credited to the General reserve on account of transitional provision as per revised AS-15.

13. Operating leases

The Company is obligated under non-cancelable operating lease for office space. Total rental expense under non-cancelable operating lease for office space:

(Amount in Rs. Million)

	For the 3 month period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the 15 month period ended March 31, 2004	For the year ended December 31, 2002
Rental expense	10.09	28.65	5.68	2.04	1.58	-

Future lease payments under non-cancelable operating lease for office space are as follows:

(Amount in Rs. Million)

Period	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Not later than 1 year	38.86	39.47	30.31	-	2.04	-
Later than 1 year and not later than 5 years	175.74	172.93	115.08	-	-	-

14. The details of Provisions under AS-29 is as under:-

(Amount in Rs. Million)

Sl. No.	Nature of Expense	Probable outflow estimated within	Provision outstanding at beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed during the year	Provision outstanding as at the year end
Year 2007-08							
1	Other provisions-warranties & customer credits	3 years	34.90	51.34	17.95	-	68.29
2	Employee Performance Incentives	1 year	8.83	9.72	2.65	0.35	15.55
Year 2006-07							
1	Other provisions-warranties & customer credits	3 years	2.86	34.90	-	2.86	34.90
2	Employee Performance Incentives	1 year	1.56	8.83	1.32	0.24	8.83
Year 2005-06							
1	Warranty	3 years	2.48	2.86	-	2.48	2.86
2	Employee Performance Incentives	1 year	5.18	1.56	5.18	-	1.56
Year 2004-05							
1	Warranty	3 years	4.78	1.88	-	4.18	2.48
2	Employee Performance Incentives	1 year	-	5.18	-	-	5.18
Year 2004							
1	Warranty	3 years	0.40	4.38	-	-	4.78
2	Employee Performance Incentives	1 year	-	-	-	-	-
Year 2002							
1	Warranty	3 years	-	0.40	-	-	0.40

15. Disclosure on Derivative Instruments

There are no outstanding forward exchange contracts entered into by the company as on June 30, 2007. Foreign Currency exposures as that have not been hedged by a derivative instrument or otherwise:

Particulars	Year	Amount (Rs in Million)	Amount (Foreign Currency in Million)
Due to:			

Creditors against import of goods & services	June 30 , 2007	68.22	USD1.67
		11.46	AUD 0.33
	March 31, 2007	73.29	USD1.67
		6.67	AUD 0.18
		1.43	SGD 0.05
	March 31, 2006	78.77	USD1.75
		1.50	AUD 0.03
		1.27	SGD 0.05
	March 31, 2005	87.22	
			USD1.98
	March 31, 2004	96.48	USD 2.20
	December 31, 2002	2.54	USD 0.05
Due from:			
Debtors against export of services/ goods	June 30 , 2007	13.19	AUD 0.38
		13.63	SGD 0.51
		3.95	USD 0.09
	March 31, 2007	7.83	AUD 0.23
		2.44	SGD 0.09
		1.11	USD 0.03
		June 30 , 2007	1.45
Against Loan and interest thereon	March 31, 2007	1.44	SGD 0.05
	March 31, 2006	1.40	SGD 0.05
	March 31, 2005	1.30	SGD 0.05
	June 30 , 2007	5.19	SGD 0.19
Against Advances	March 31, 2005	0.46	SGD 0.01

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India in December 2005.

16. During the period ended March 31, 2004 the company has acquired the Computer Software – MMP 2500 and further certain ‘Additional Value Added Applications Software’ with all rights including exclusive ownership, copyright, trademark, right to develop, market and license and the source code thereon, from its holding company for a total consideration of Rs. 96.49 Million based on independent valuations. The above intangibles are amortized over their commercial life, which is estimated to be three years.

17. The figures for period ended June 30, 2007 and March 31, 2004 are for 3 months and 15 months period respectively, while the figures for other years presented are for 12 months period and hence are not comparable. Previous year figure have been regrouped and reclassified to match to the current year groupings/classification.

Annexure 6 - Restated Schedule of Fixed Assets

(Amount in Rs. Million)						
	As at	As at	As at	As at	As at	As at
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Gross Block						
Tangible Assets						
Office Equipment	1.73	1.45	1.45	1.45	0.71	0.30
Furniture & Fixtures	1.20	0.82	-	-	-	-
Computer & Electronic equipment	500.43	409.50	221.69	83.40	18.24	12.52
Motor Car	11.37	-	-	-	-	-
Total	A	514.73	411.77	223.14	84.85	12.82
Intangible Assets						
Software	168.43	155.26	132.84	96.49	96.49	-
Total	B	168.43	155.26	132.84	96.49	-
Total (A+B)	C	683.16	567.03	355.98	181.34	12.82
Less: Accumulated Depreciation /Amortisation	D	331.65	285.05	142.99	57.90	13.11
Net Block (C-D)	E	351.51	281.98	212.99	123.44	6.74
Capital Work in Progress	F	70.53	42.87	-	5.05	-
Total Fixed Assets (E + F)		422.04	324.85	212.99	128.49	6.74

Annexure 7 - Restated Schedule of Investments

(Amount in Rs. Million except for no. of shares/ units)

	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INVESTMENTS						
Long term investments in value - Non Trade (unquoted) at cost						
<i>Wholly owned subsidiaries</i>						
OnMobile Singapore Pte. Ltd., Singapore	2.29	2.29	2.29	0.28	-	-
OnMobile Australia Pty. Ltd., Australia	3.33	3.33	3.33	-	-	-
Pt. Indonesia OnMobile ., Indonesia	4.06	-	-	-	-	-
<i>Other subsidiary</i>						
ITfinity Solutions Private Limited	-	213.48	-	-	-	-
Phonetize Solutions Pvt Ltd	0.09					
Short term investments in value in Mutual Funds- Non Trade (quoted) at lower of cost and market value						
DSP Merrill Lynch Floating Rate Fund	-	-	20.66	5.12	-	-
Deutsche Floating Rate Fund Regular Plan	-	-	5.41	5.02	-	-
ABN AMRO Fixed Term Plan	262.83	257.38	-	-	-	-
Kotak Fixed Maturity Plan 3 M Series 8	262.71	257.44	-	-	-	-
Kotak FMP 3M Series 16	262.71	-	-	-	-	-
Pru ICICI Fixed Maturity Plan Series 35	-	257.34	-	-	-	-
LIC Mutual Fund	-	50.57	-	-	-	-
Reliance Interval Fund	-	200.80	-	-	-	-
In ING Vysya Liquid Fund	120.05	-	-	-	5.08	-
	918.07	1,242.63	31.69	10.42	5.08	-
Market Value of short term investments	802.06	1,024.28	26.09	10.15	5.08	-

Long term investments in quantity (no. of shares)						
<i>Wholly owned subsidiaries</i>						
OnMobile Singapore Pte. Ltd., Singapore - equity shares of Singapore \$ 1 each, fully paid	85,000	85,000	85,000	10,000	-	-
OnMobile Australia Pty. Ltd., Australia - equity shares of Australian \$ 1 each, fully paid	100,000	100,000	100,000	-	-	-
Pt. Indonesia OnMobile ., Indonesia	1,000	-	-	-	-	-
<i>Other subsidiary</i>						
ITfinity Solutions Private Limited - equity shares of Rs 10/- each, fully paid	-	559,781	-	-	-	-
Phonetize Solutions Pvt Ltd - equity shares of Rs 10/- each, fully paid	9,000	-	-	-	-	-
Short term investments in quantity in mutual funds (no. of units)						
DSP Merrill Lynch Floating Rate Fund	-	-	2,060,038	510,384	-	-
Deutsche Floating Rate Fund Regular Plan	-	-	526,656	489,972	-	-
ABN AMRO Fixed Term Plan	26,192,282	25,641,719	-	-	-	-
Kotak Fixed Maturity Plan 3 M Series 8	26,353,974	25,732,171	-	-	-	-
Kotak FMP 3M Series 16	26,355,505	-	-	-	-	-
Pru ICICI Fixed Maturity Plan Series 35	-	25,748,988	-	-	-	-
LIC Mutual Fund	-	4,605,177	-	-	-	-
Reliance Interval Fund	-	2,000,000	-	-	-	-
In ING Vysya Liquid Fund	11,990,069	-	-	-	471,423	-

Annexure 7 - (continued)**Details of Purchase & Sale during the years**

(Amount in Rs.Million except for no. of shares/ units)

Name of the fund	Purchase		Sales	
	No. of Shares / Units	Amount (Rs.)	No. of Shares / Units	Amount
Year 2007-08				
Long Term Investments				
Pt. Indonesia OnMobile ., Indonesia	1,000	4	Nil	Nil
Short Term Investments				
LIC Mutual Fund	1,863	0	4,607,040	51
Reliance Liquidity Fund			2,000,000	201
ING Vysya Mutual Fund		120	Nil	Nil
	11,990,069			
HSBC Liquid Plus Fund	5,205,084	52	5,205,084	52
Pru ICICI Fixed Maturity Plan Series 35	134,925	1	25,883,912	259
Kotak Fixed Maturity Plan 3 M Series 8	120,012	1	Nil	Nil
Kotak Fixed Maturity Plan 3 M Series 16		259	Nil	Nil
	25,883,900			
ABN AMRO Fixed Term Plan	550,564	5	Nil	Nil
Year 2006-07				
Long Term Investments				
ITfinity Solutions Private Limited	559,781	213	Nil	Nil
Short Term Investments				
LIC Mutual Fund		156	9,562,754	105
	14,167,932			
Reliance Liquidity Fund		150	15,040,527	150
	15,040,527			
Birla Cash Plus		303	30,270,138	303
	30,270,138			
Birla Cash Plus 1		150	15,016,137	150
	15,016,138			
DSP Merrill Lynch Floating Rate Fund	150,445	150	150,445	150
Prudential ICICI Institutional Liquid Plan		423		423
	42,255,887		42,255,886	
		0		0
HSBC Liquid Plus Fund	9,033,445	90	9,033,445	90
DSP Floating Rate Fund	55,801	1	2,115,839	21
HDFC Liquid Plus Fund	4,444,936	45	4,444,936	45
Pru ICICI Fixed Maturity Plan Series 35		257	Nil	Nil
	25,748,988			
Kotak Fixed Maturity Plan 3 M Series 8		257	Nil	Nil
	25,732,171			
ABN AMRO Fixed Term Plan		257	Nil	Nil
	25,641,719			
Reliance Interval Fund	2,000,000	201	Nil	Nil
Year 2005-06				
Long Term Investments				
OnMobile Singapore Pte. Ltd., Singapore	75,000	2	Nil	Nil
OnMobile Australia Pty. Ltd., Australia	100,000	3	Nil	Nil
Short Term Investments				
DSP Merrill Lynch Floating Rate Fund	3,544,169	36	1,994,515	20

Deutsche Floating Rate Fund Regular Plan	4,411,285	45	4,374,601	45
Tata Fund Regular Plan	1,990,018	20	1,990,018	20
Year 2004-05				

Long Term Investments

OnMobile Singapore Pte. Ltd., Singapore	15,000	0	Nil	Nil
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Short Term Investments

Cholamandalam AMC Ltd	438,011	5	438,011	5
Deutsche Insta Cash Plus Fund	495,674	5	495,674	5
Deutsche Insta Cash Plus Fund (Daily Dividend Plan)	489,978	5	489,978	5
Deutsche Floating Rate Fund Regular Plan	1,961,717	20	1,471,745	15
DSP Merrill Lynch Liquidity Fund	405,040	5	405,040	5
DSP Merrill Lynch Floating Rate Fund	510,384	5	-	-
ING Vysya Liquid Fund	7,194	0	478,617	5
LICMF Floating Rate Fund	499,610	5	499,610	5
LCMF Liquid Fund	1,885,908	20	1,885,908	20
Reliance Floating Rate Fund	506,648	5	506,648	5
Templeton India Treasury Management Account	4,044	5	4,044	5
Sundaram Money Fund	505,373	5	505,373	5

Year 2003-04

Short Term Investments

Cholamandalam AMC Ltd	884,428	10	884,428	10
ING Vysya Liquid Fund	471,423	5	-	-
Templeton India Treasury Management Account	4,069	5	4,069	5

Annexure 8 - Restated Schedule of Sundry Debtors

	(Amount in Rs. Million)					
	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
SUNDRY DEBTORS-						
(Unsecured)						
Debts outstanding for a period exceeding six months						
Considered good	41.49	32.16	14.27	3.19	0.40	-
Considered doubtful	8.16	2.66	6.30	-	-	-
Other Debts						
Considered good	436.56	315.97	326.85	160.02	33.40	5.47
Unbilled Revenue	232.47	165.94	-	1.86	2.34	-
	718.68	516.73	347.42	165.07	36.14	5.47
Less: Provision for Doubtful Debts	8.16	2.66	6.30	-	-	-
	710.52	514.07	341.12	165.07	36.14	5.47

Annexure 9 - Restated Schedule of Cash and Bank Balances

(Amount in Rs. Million)

	As at June 30, 2007 Rs.	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.	As at March 31, 2005 Rs.	As at March 31, 2004 Rs.	As at December 31, 2002 Rs.
CASH AND BANK BALANCES						
Cash on hand	0.20	0.15	0.04	0.01	0.00	0.00
Cheques on hand	-	0.18	-	-	-	-
Balances with scheduled banks:						
- In current account	102.37	96.03	30.07	10.15	1.27	5.34
- In deposit account	98.41	101.01	5.59	31.07	27.98	3.10
	200.98	197.37	35.70	41.23	29.25	8.44

Annexure 10 - Restated Schedule of Loans and Advances

(Amount in Rs. Million)

	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
LOANS AND ADVANCES						
(Unsecured, considered good)						
Advances recoverable in cash or in kind or for value to be received.	32.55	20.55	15.94	5.88	3.01	0.07
Other Deposits	71.02	47.36	32.60	3.51	0.75	0.21
Dues from Subsidiaries :						
- Advances	5.19	-	-	0.46	-	-
- Loan	1.44	1.39	1.35	1.30	-	-
- Accrued interest	0.01	0.06	0.05	-	-	-
Advance income tax & tax deducted at source	446.50	395.82	187.54	79.07	11.98	0.59
	556.71	465.18	237.48	90.22	15.74	0.87

Annexure 11 - Restated Schedule of Current Liabilities and Provisions

(Amount in Rs. Million)

	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
CURRENT LIABILITIES & PROVISIONS						
<i>Current liabilities:</i>						
Sundry creditors						
- for capital items- due to Holding company	68.22	73.29	78.77	87.22	96.48	2.54
- for capital items- due to others	25.12	36.05	21.20	1.68	1.32	-
- for expenses	145.84	117.67	63.37	18.37	4.90	2.36
- due to Subsidiaries	11.46	8.11	2.77	-	-	-
Deferred revenue	1.74	0.90	-	2.86	0.95	-
Credit balance in bank account	-	-	-	21.08	1.84	1.02
Other liabilities	82.55	46.60	4.09	0.39	1.11	0.58
Total Current liabilities	334.93	282.62	170.20	131.60	106.60	6.50
<i>Provisions:</i>						
Income Tax	437.78	362.97	211.97	89.40	11.30	0.24
Fringe Benefit Tax (Net)	1.18	3.20	-	-	-	-
Employee Benefits	31.63	8.84	2.72	1.39	1.54	0.41
Other Provisions	68.29	34.90	2.86	2.48	4.78	0.40
	538.88	409.91	217.55	93.27	17.62	1.05
Total	873.81	692.53	387.75	224.87	124.22	7.55

Annexure 12 - Restated Schedule of Share Capital

(Amount in Rs. Million except for no. of shares)

	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at December 31, 2002
SHARE CAPITAL						
<i>AUTHORISED</i>						
Equity Shares of Rs. 10 each	45.00	45.00	30.00	30.00	30.00	30.00
0%, Non-Cumulative Redeemable Preference Shares of Rs. 10 each	-	-	20.00	20.00	20.00	20.00
Preference Shares of Rs. 10 each	5.00	5.00	-	-	-	-
	50.00	50.00	50.00	50.00	50.00	50.00
<i>ISSUED, SUBSCRIBED AND PAID UP IN VALUE</i>						
Equity Shares of Rs. 10 each, fully paid up	33.44	33.00	10.00	10.00	10.00	10.00
0%, Non -Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up	-	-	12.87	12.87	12.87	12.87
Preference Shares of Rs. 10 each, fully paid up	3.54	3.54	-	-	-	-
Share application money pending allotment	-	-	0.05	0.03	-	-
	36.98	36.54	22.92	22.90	22.87	22.87
<i>ISSUED, SUBSCRIBED AND PAID UP IN QUANTITY</i>						
Equity Shares of Rs. 10 each	3,343,880	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
0%, Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up	-	-	1,287,189	1,287,189	1,287,189	1,287,189
Preference Shares of Rs. 10 each, fully paid up	353,629	353,629	-	-	-	-
Shares held by Holding Company OnMobile Systems Inc.,						
Equity Shares of Rs. 10 each	2,287,169	2,287,169	999,980	999,980	999,980	999,980
0%, Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up	-	-	1,287,189	1,287,189	1,287,189	1,287,189
Notes:						
1. Non-cumulative, Redeemable Preference Shares issued during 2000-01 are not eligible for any dividend and are convertible at the option of the investor at the end of 5 years, from the date of allotment or at the time of an Initial Public Offer, whichever is earlier, into Equity Share capital. In terms of the issue, during the year, non cumulative, redeemable preference sharees have been converted into equity shares of Rs. 10/- each fully paid up.						

2. Preference Shares issued during the year with rights to dividend ranking in pari passu with the Equity Shares being convertible at any time on or before the occurrence of the Initial Public Offer or a liquidity event as defined in the investor agreement.

3. In the year 2007-08 and 2006-07, 48,741 and 5,068 Equity Shares were issued to erstwhile shareholders of ITfinity Solutions Private Limited respectively.

Annexure 13 - Restated Schedule of Other Income

	(Amount in Rs. Million)					
	For the 3 month period ended	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
OTHER INCOME						
Interest :						
- from deposits with banks	2.08	6.56	0.08	0.30	0.21	0.03
- from IT refund	-	-	-	-	-	-
- from subsidiary	0.01	0.06	0.12	-	-	-
Profit on sale of Assets	-	0.01	-	-	0.65	-
Accrued yield on investment	20.13	34.92	0.99	0.99	0.20	-
Other Income	0.11	-	-	-	-	-
Profit on redemption of investments	-	0.02	-	0.11	0.02	-
Exchange Gain	3.84	1.20	-	-	0.08	0.12
	26.17	42.77	1.19	1.40	1.16	0.15

Annexure 14 - Schedule of Capital Commitments and Contingent Liabilities

	(Amount in Rs. Million)					
Particulars	for the 3 month period ended	for the year ended	for the year ended	for the year ended	for the 15 month period ended	For the Year ended
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Capital Commitments	40.92	90.15	-	7.37	-	-

Note:

The above does not include any potential customs duty liability arising out of exports

obligations to be met. Refer Note B 5 in Annexure 5.

Annexure 15 - Summary of Major Accounting Ratios

(Amount in Rs.)

Particulars	for the 3 month period ended	for the year ended	for the year ended	for the year ended	for the 15 month period ended	For the Year ended
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
1 Earnings Per Share						
Basic	3	12	19	11	3	(1)
Diluted	2	7	7	5	1	-
2 Return on Net Worth (%)	6%	16%	56%	71%	75%	-49%
3 Net Asset Value per equity share	572	612	435	186	45	2
4 Weighted average number of equity shares outstanding during the year (nos)	3,351,434	2,048,839	1,000,000	1,000,000	1,000,000	1,000,000
5 Total number of shares outstanding at the end of the year (nos)	3,343,880	3,300,207	1,000,000	1,000,000	1,000,000	1,000,000
6 Weighted average no. of Equity Shares Outstanding during the year, including adjustments for the increase in such shares as a result of issuance of bonus Equity Shares, for all the periods presented (Refer Note						

11 of Annexure 5)						
-Basic	43,568,637	26,634,907	13,000,000	13,000,000	13,000,000	13,000,000
- Diluted	50,267,989	48,973,782	34,442,667	29,733,457	29,733,457	29,733,457

Notes:

1 The ratios have been computed as below:

Earnings Per Share (Rs.)	Net Profit attributable to equity shareholders as restated
	Weighted average number of equity shares outstanding during the year
Return on net worth (%)	Net profit after tax as restated
	Net Worth excluding revaluation reserve at the end of the year
Net Asset Value per equity shares(Rs.)	Net worth excluding revaluation reserve and preference share capital at the end of the year
	Number of equity shares outstanding at the end of the year.

2 Profit and loss as restated has been considered for the purpose of computing the above ratios.

3 Earnings per share is calculated in accordance with Accounting Standard 20 'Earning Per Share', issued by the Institute of Chartered Accountants of India

4 The diluted loss per share for the year ended December 31, 2002 is anti dilutive and hence ignored/ not given

Annexure 16 - Related Party Transactions

		(Amount in Rs. Million)					
Sl No	Relationship	30-Jun-07	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
(i)	Controlling Enterprises						
	Holding Company	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA	OnMobile Systems Inc., USA
	Subsidiaries	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.	OnMobile Singapore Pte. Ltd.		
		OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.	OnMobile Australia Pty. Ltd.			
		Pt OnMobile Indonesia	ITfinity Solutions Pvt Ltd. (w.e.f December 22 nd 2006)				
(ii)	Other related parties with whom the company had transactions						
	Key Management Personnel	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao	Arvind Rao
		Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Chandramouli Janakiraman	Abraham Mathews	Abraham Mathews
						Amit Kumar Dey	Amit Kumar Dey
						Chandramouli Janakiraman	Susmita Bhattacharjee
							Chandramouli Janakiraman

Annexure 16 - Related Party Transactions (Continued)

		(Amount in Rs. Million)					
		30-Jun-07	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Dec-02
1	Income from services						
	OnMobile Systems Inc., USA						6.40
	OnMobile Singapore Pte. Ltd.	11.29	2.57		0.57		
	OnMobile Australia Pty. Ltd.	5.33	13.86	0.63			
	Total	16.62	16.43	0.63	0.57		6.40
2	Business Development expenses						
	OnMobile Singapore Pte. Ltd.	4.05	7.39	5.80			

	OnMobile Australia Pty. Ltd.	5.24	16.36	7.80			
	OnMobile Systems Inc., USA						
	Total	9.29	23.75	13.60			
3	Remuneration						
	Abraham Mathews				1.26		0.06
	Amit Kumar Dey				1.57		0.93
	Susmita Bhattacharjee						0.47
	Arvind Rao	4.85	13.85				
	Chandramouli Janakiraman	1.75	2.71	1.95	2.10	1.99	0.21
	Total	6.60	16.56	1.95	2.10	4.82	1.67
4	Grant of Loan						
	OnMobile Singapore Pte. Ltd				1.30		
	Total				1.30		
5	Purchase of fixed Assets/other items						
	OnMobile Systems Inc., USA				3.39	98.74	3.88
	Total				3.39	98.74	3.88
5	Sale of fixed Assets/other items						
	OnMobile Systems Inc., USA						4.04
	Total						4.04
6	Amount Payable						
	OnMobile Singapore Pte. Ltd.		1.43	1.28			
	OnMobile Australia Pty. Ltd.	11.46	6.67	1.50			
	OnMobile Systems Inc.	68.22	73.29	78.77	87.22	96.48	2.54
	Total	79.68	81.39	81.55	87.22	96.48	2.54
7	Amount Receivable						
A	Loan						
	OnMobile Singapore Pte. Ltd	1.44	1.44	1.35			
B	Accrued interest						
	OnMobile Singapore Pte.	0.01	0.06	0.05			

	Ltd					
C	Other Advances					
	Arvind Rao	1.51	2.10	2.91	2.15	0.93
	Chandramouli Janakiraman	0.17	0.01			
	OnMobile Singapore Pte. Ltd.	5.19				
D	Sundry Debtors					
	OnMobile Singapore Pte. Ltd.	13.63	2.44		0.46	
	OnMoble Australia Pty. Ltd.	13.19	7.83			
	Total	35.14	13.88	4.32	2.61	0.93

Notes:

1. Related party relationships are as identified by the company on the basis of information available with them and accepted by the auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related party.

Annexure 17 – Restated statement of Tax Shelter

Particulars	(Amount in Rs. Million except rate of tax)					
	For the 3 month period ended	For the year ended	For the year ended	For the year ended	For the 15 month period ended	For the year ended
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	December 31, 2002
Profit/(Loss) before tax but after exceptional items as restated	176.63	493.17	387.75	222.56	62.33	(7.30)
Rate of Tax - Normal	33.99%	33.66%	33.66%	36.59%	36.11%	31.91%
MAT	11.33%	11.22%	8.41%	7.84%	-	-
Notional tax expense	60.04	166.00	130.52	81.44	22.51	(2.33)
Adjustments :						
Permanent difference						
Donation	-	0.06	0.10	0.25	-	-
Disallowance u/s 40A(3)		-	0.01	-	-	-
Dividend on Investments	(20.13)	(34.93)	(0.99)	(0.99)	(0.20)	-
Deduction under 80 G		-	(0.05)	(0.25)	-	-
Prior period expense		-	-	0.60	-	-
Total Permanent		B				

Difference		(20.13)	(34.87)	(0.93)	(0.39)	(0.20)	-
Timing Differences							
Difference between book and tax depreciation		1.04	(21.16)	(29.97)	(24.48)	(24.70)	1.13
Amounts disallowed u/s 40(a)			-	3.84	1.00	-	-
Provision for doubtful debts		5.50	2.66	6.30	-	-	-
Provision for leave encashment u/s 43B		9.84	3.84	1.33	0.55	0.68	0.01
Preliminary expenses			-	-	(0.05)	0.05	-
Gratuity		2.00	1.72	-	(0.69)	0.45	0.13
Profit/loss on sale of assets			-	-	-	(0.65)	0.34
Total Timing difference	C	18.38	(12.94)	(18.50)	(23.67)	(24.17)	1.61
Net Adjustment	D=B+C	(1.74)	(47.81)	(19.43)	(24.06)	(24.37)	1.61
Tax Expense/(Saving)		(0.59)	(16.09)	(6.54)	(8.80)	(8.80)	0.51
Tax Payable for the year		59.44	149.91	123.98	72.64	13.71	(1.82)
Interest u/s 234B/C (As per return of Income)		-	-	0.93	2.28	-	-
Total Tax Payable		59.44	149.91	124.91	74.92	13.71	(1.82)

The above statement has been prepared based on the information from Income Tax Computations filed with the tax returns for the previous years 2004-2005, 2005-2006 and provisional computation for the year ended December 31, 2000, for the 15 month period ended March 31, 2004, for the year ended March 31, 2007 and for the 3 month period ended June 30,2007.

Annexure 18 - Capitalization Statement of the Company as at June 30, 2007

(Amount in Rs. Million)

Particulars	Pre- Issue as at June 30, 2007	Post-Issue as at June 30, 2007
Total Debt		
Short Term Debt		-
Long Term Debt		-
Total		-
Total Shareholders Fund		
Share Capital		36.98
Capital Redumption fund		0.09
Securities Premium		1,029.72

Profit and Loss Account	847.85	
Total	1,914.64	Will be determined on finalization of issue price
Total Capitalization	1,914.64	
Long Term Debt to Total Shareholders' Funds	-	

Notes:

- 1 *The above has been computed on the basis of restated statement of accounts.*
- 2 *Short Term Debts are debts maturing within next one year from the date of the respective statement of accounts.*
- 3 *The above ratio has been computed on the basis of total long term debt divided by shareholder's funds.*

CAPROGEC AUDIT

Company specializing in Accounts and Auditorship
A Public Company (Limited liability corporation) with a capital of 50,000 Euros
RC PARIS (*Register No :*) B 998 165 906

45, Rue des Coucelles, Paris 75008

Tel: 01 53 89 02 40, Fax: 01 53 89 02 49

VOX MOBILI

A limited liability corporation with a capital of 325,085.40 Euros
Head Office: 36, Rue Brunel
PARIS 75017

GENERAL REPORT OF THE AUDITOR

FINANCIAL YEAR WHICH ENDED ON 31 DECEMBER, 2006

Dear Shareholders,

In accordance with the terms of our appointment as Auditors by your Stockholders' Meeting, we hereby present our report relating to the financial year ending 31st December, 2006 which deals with:

- the audit of the annual financial statements, as attached to this report showing a profit of 868,236 euros and a total balance sheet of 5,865,076 Euros.
- justification of our assessment
- the specific procedures and disclosures prescribed by law

The annual financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion, based on our audit, on those financial statements.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with French auditing standards; these standards require that we diligently plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements.

It also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for the opinion expressed which follows:

We certify that, in accordance with French accounting principles and regulations, the annual financial statements give a true and fair view of the consolidated results of operations for the year ended as well as the consolidated financial position and assets of the company at the end of the financial year.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L.823-9 of the Code de Commerce relating to the justification of our assessments, we bring to your attention the following matters:

In the course of our assessment of the rules and procedures followed by your company, we have verified the appropriate nature of the accounting methods and disclosures furnished in the notes of the annexe and we are satisfied with their correct implementation.

These assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and have therefore contributed to reaching our opinion expressed in the first part of this report.

III. VERIFICATION AND SPECIFIC DISCLOSURES

In conformity with professional norms applicable in France, we have also carried out specific procedures as laid down by the law.

We have no comments as to the sincerity and conformity with the consolidated financial statements, of the information provided in the management report of the Board of Directors and in the documents presented to the shareholders on the financial position and the financial statements.

Paris, the 13th of June, 2007

CAPROGEC AUDIT

Jérôme Rebiscoul
Auditor

SA .VOX MOBILI	Financial Year Ending 31/12/2006			
Balance Sheet				
Assets				
	31/12/06		31/12/05	
	Net	%	Net	%
Subscribed capital				
FIXED ASSETS				
Intangible Assets				
Establishment charges				
Development charges				
Concessions, licenses, similar rights	987,815	16.84	724,047	15.64
Commercial Funds				
Other intangible assets	78,241	1.33	450,942	9.74
Prepayments & advance /Intang.Assets.				
Tangible Assets				
Land				
Construction				
Technical installations, Equipment	6,375	0.11	7,922	0.17
Other tangible assets	64,912	1.11	68,358	1.48
Current Assets				
Prepayments & advance				
Investments				
Investments in holdings				
Other holdings	869	0.01	869	0.02
Receivables associated with holdings/ <i>investments</i> .				
Other investments in securities				
Loans				
Other assets in financial sector	40,000	0.68	40,000	0.86
TOTAL (I)	1,178,214	20.09	1,292,139	27.91
CURRENT ASSETS				
Stocks (<i>Inventories</i>)				
Raw material supply				
Work in process of production of <i>goods</i>				
Work in process of production of services				
Intermediary and finished products				
Merchandise				
Prepayments & advance made/ orders				
Accounts Receivable				
Trade accounts receivable	3,118,470	53.17	2,305,316	49.8
Other receivables	595,966	10.16	512,846	11.08
Subscribed capital, unpaid				
Miscellaneous				
Marketable securities	26,349	0.45	186,384	4.03

Funds available	819,586	13.97	267,012	5.77
Deferred Charges				
Prepaid expenses	89,390	1.52	65,411	1.41
TOTAL (II)	4,649,764	79.28	3,336,971	72.09
Charges borrowing, issue (III)				
Bonus on reimbursement bonds (IV)				
Foreign currency translation adjustments current (V)	37,098	0.63		
TOTAL GENERAL (I to V)	5,865,076	100	4,629,111	100

SA .VOX MOBILI		Financial Year Ending 31/12/2006				
Balance Sheet						
Assets						
	31/12/06			31/12/05		
	Euro	INR	%	Euro	INR	%
Subscribed capital						
FIXED ASSETS						
Intangible Assets						
Establishment charges						
Development charges						
Concessions, licenses, similar rights	987,815	57,550,102	16.84	724,047	38,772,717	15.64
Commercial Funds						
Other intangible assets	78,241	4,558,321	1.33	450,942	24,147,944	9.74
Prepayments & advance /Intang.Assets.						
Tangible Assets						
Land						
Construction						
Technical installations, Equipment	6,375	371,408	0.11	7,922	424,223	0.17
Other tangible assets	64,912	3,781,773	1.11	68,358	3,660,571	1.48
Current Assets						
Prepayments & advance						
Investments						
Investments in holdings						
Other holdings	869	50,628	0.01	869	46,535	0.02
Receivables associated with holdings/investments.						
Other investments in securities						
Loans						
Other assets in financial sector	40,000	2,330,400	0.68	40,000	2,142,000	0.86
TOTAL (I)	1,178,214	68,642,631	20.09	1,292,139	69,193,990	27.91
CURRENT ASSETS						
Stocks (<i>Inventories</i>)						
Raw material supply						
Work in process of production of <i>goods</i>						
Work in process of production of services						
Intermediary and finished products						
Merchandise						
Prepayments & advance made/ orders						
Accounts Receivable						
Trade accounts receivable	3,118,470	181,682,062	53.17	2,305,316	123,449,672	49.8
Other receivables	595,966	34,720,979	10.16	512,846	27,462,903	11.08
Subscribed capital, unpaid						
Miscellaneous						
Marketable securities	26,349	1,535,093	0.45	186,384	9,980,863	4.03

Funds available	819,586	47,749,080	13.97	267,012	14,298,493	5.77
Deferred Charges						
Prepaid expenses	89,390	5,207,861	1.52	65,411	3,502,759	1.41
TOTAL (II)	4,649,764	270,895,076	79.28	3,336,971	178,694,690	72.09
Charges borrowing, issue (III)						
Bonus on reimbursement bonds (IV)						
Foreign currency translation adjustments current (V)	37,098	2,161,329	0.63			
TOTAL GENERAL (I to V)	5,865,076	341,699,036	100	4,629,111	247,888,680	100

Balance Sheet

Liabilities				
	31/12/06		31/12/05	
	Net	%	Net	%
STOCKHOLDERS EQUITY				
Issued capital	325,085	5.54	325,085	7.02
Bonus on issue, merger	6,840,842	116.64	6,840,842	147.78
Revaluation surplus				
Legal reserves				
Statutory and contractual reserves				
Regulated reserves	153,820	2.62	153,820	3.32
Other reserves				147.78
Retained earnings	(3,619,161)	(61.71)	(3,872,056)	(83.65)
EARNINGS FROM THE FIN.YEAR	868,236	14.8	252,894	5.46
Capital grants				
Regulated allowances				
TOTAL (I)	4,568,822	77.9	3,700,586	79.94
OTHER EQUITY				
Product from issue of irredeemable securities				
Advance				
TOTAL (II)				
CONTINGENCIES				
Contingencies for loss	52,057	0.89	14,959	0.32
Contingencies for expenses				
TOTAL (III)	52,057	0.89	14,959	0.32
(Debt) LIABILITIES (I)				
Convertible bonds				
Other bonds				
Bank borrowings	525	0.01		
Sundry debts and liabilities				
Payments on account	4,305	0.07	39,407	0.85
Trade accounts payable and related accounts	276,504	4.71	157,377	3.4
Taxes and social contributions	812,892	13.86	656,073	14.17
Debt on <i>buildings/assets</i> and related payables				
Other debt	114,403	1.95		
ACCRUALS AND DEFERRED INCOME (I)				
Prepaid gains	34,374	0.59	58,125	1.26
TOTAL (IV)	1,243,006	21.19	910,984	19.68
Foreign currency translation adjustments liabilities(V)	1,190	0.02	2,580	0.06
GRAND TOTAL (I to V)	5,865,076	100	4,629,111	100

Balance Sheet

Liabilities						
	31/12/06			31/12/05		
	Euro	INR	%	Euro	INR	%
STOCKHOLDERS EQUITY						
Issued capital	325,085	18,939,452	5.54	325,085	17,408,302	7.02
Bonus on issue, merger	6,840,842	398,547,455	116.64	6,840,842	366,327,089	147.78
Revaluation surplus						
Legal reserves						
Statutory and contractual reserves						
Regulated reserves	153,820	8,961,553	2.62	153,820	8,237,061	3.32
Other reserves						147.78
Retained earnings	(3,619,161)	(210,852,320)	(61.71)	(3,872,056)	(207,348,599)	(83.65)
EARNINGS FROM THE FIN.YEAR	868,236	50,583,546	14.8	252,894	13,542,527	5.46
Capital grants						
Regulated allowances						
TOTAL (I)	4,568,822	266,179,686	77.9	3,700,586	198,166,380	79.94
OTHER EQUITY						
Product from issue of irredeemable securities						
Advance						
TOTAL (II)						
CONTINGENCIES						
Contingencies for loss	52,057	3,032,841	0.89	14,959	801,054	0.32
Contingencies for expenses						
TOTAL (III)	52,057	3,032,841	0.89	14,959	801,054	0.32
(Debt) LIABILITIES (1)						
Convertible bonds						
Other bonds						
Bank borrowings	525	30,587	0.01			
Sundry debts and liabilities						
Payments on account	4,305	250,809	0.07	39,407	2,110,245	0.85
Trade accounts payable and related accounts	276,504	16,109,123	4.71	157,377	8,427,538	3.4
Taxes and social contributions	812,892	47,359,088	13.86	656,073	35,132,709	14.17
Debt on <i>buildings/assets</i> and related payables						
Other debt	114,403	6,665,119	1.95			
ACCRUALS AND DEFERRED INCOME (1)						
Prepaid gains	34,374	2,002,629	0.59	58,125	3,112,594	1.26
TOTAL (IV)	1,243,006	72,417,355	21.19	910,984	48,783,086	19.68
Foreign currency translation adjustments liabilities(V)	1,190	69,154	0.02	2,580	138,159	0.06
GRAND TOTAL (I to V)	5,865,076	341,699,036	100	4,629,111	247,888,680	100

Statement of Income									
	from 01/01/06 to 31/12/06 Euro		% of turnover	from 01/01/05 to 31/12/05 Euro		% of turnover	Variation in absolute value		%
	Euro	INR		Euro	INR				
Sale of merchandise									
Sale of goods	2,155,628	125,586,887	44	1,117,143	59,823,008	33	1,038,485	65,763,880	93
Sales of services	2,790,733	162,588,105	56	2,225,537	119,177,506	67	565,195	43,410,598	25
Net turnover	4,946,361	288,174,992	100	3,342,680	179,000,514	100	1,603,681	109,174,478	48
Inventory									
Capitalized expenses	664,524	38,715,168	13	702,745	37,631,995	21	(38,221)	1,083,173	-5
Operating grants/subsidies				2,851	152,671	0	(2,851)	(152,671)	-100
Recoveries amortization & transfer of expenses	42	2,447		44,072	2,360,056	1	(44,029)	(2,357,609)	-100
Other gains (income) (1)	42	2,447		23	1,232		19	1,215	83
Total production from operations (2)	5,610,971	326,895,054	113	4,092,373	219,146,467	122	1,518,598	107,748,587	37
Purchase of goods									
Changes in stock merchandise									
Purchase of raw mat. & other supplies									
Changes in stock raw mat. & other supplies									
Other purchases and charges (3)	1,175,003	68,455,675	24	841,955	45,086,690	25	333,048	23,368,985	40
Taxes and assimilated expenses	72,972	4,251,349	1	65,982	3,533,336	2	6,990	718,013	11
Salaries & wages	1,836,783	107,010,978	37	1,896,522	101,558,753	57	(59,738)	5,452,224	-3
(social) Employees' expenses	844,133	49,179,189	17	859,721	46,038,060	26	(15,587)	3,141,129	-2
Allowances amortization on assets	565,450	32,943,117	11	359,743	19,264,238	11	205,707	13,678,879	57
Allowances depreciation on assets									
Allowances depreciation on current assets									
Allowances for contingencies									
Other expenses	14,059	819,077	0	17,632	944,194	1	(3,573)	(125,116)	-20
Total expenses in operations (4)	4,508,403	262,659,384	91	4,041,556	216,425,270	121	466,847	46,234,114	12
OPERATING INCOME	1,102,567	64,235,670	22	50,816	2,721,197	2	1,051,751	61,514,473	*NA
Profit gain or transferred loss									
Supported loss transferred profit									
Dividends received (5)	5,740	334,412	0	11,985	641,797	0	(6,245)	(307,384)	-52
Other dividends from vmp and receivables(5)									
Other interests & assimilated gain (5)	1,749	101,897	0				1,749	101,897	-100
Recoveries on depreciation and contingencies, transfer expenses				27,847	1,491,207	1	(27,847)	(1,491,207)	-100
(positive)Difference in transaction	3,236	188,529	0	70,909	3,797,177	2	(67,672)	(3,608,648)	-95
Net gain on transfer of assets	10,481	610,623	0	9,919	531,162	0	562	79,461	6
Total interest and financial income	21,208	1,235,462	0	120,661	6,461,343	4	(99,452)	(5,225,880)	-82
Allowances amort. depren and contngcies	37,098	2,161,329	1				37,098	2,161,329	
Interest and other expenses 6)	6,550	381,603	0	5,455	292,115	0	1,095	89,488	20
Negative difference in transaction	85,973	5,008,787	1.74	6	321		85,967	5,008,466	*NA

Net expenses on transfer of v.m.p.	2	117					2	117	
Total financial expenses	129,625	7,551,836	3	5,462	292,437	0	124,163	7,259,400	*NA
NET FINANCIAL INCOME	(108,417)	(6,316,374)	-2	115,199	6,168,906	3	(223,616)	(12,485,282)	-194
NET INCOME BEFORE TAX	994,150	57,919,296	20	166,015	8,890,103	5	828,134	49,029,190	499
Extraordinary gains in management operations				2,390	127,985	0	(2,390)	(127,985)	-100
Extraordinary gains on capital operations									
Recoveries on depreciation & contingencies & transfer of expenses	18,577	1,082,296	0				18,577	1,082,296	
Total extraordinary gains (7)	18,577	1,082,296	0	2,390	127,985	0	16,187	954,312	677
Extraordinary expenses in management operations (6 bis)				42,394	2,270,199	1	(42,394)	(2,270,199)	-100
Extraordinary expenses in capital operations	255,655	14,894,460	5	1,738	93,070	0	253,917	14,801,390	NS
Extraordinary recoveries on amortization depreciation and contingencies									
Total extraordinary expenses(7)	255,655	14,894,460	5	44,133	2,363,269	1	211,522	12,531,191	479
EXTRAORDINARY INCOME	(237,078)	(13,812,164)	-5	(41,742)	(2,235,284)	-1	(195,335)	(11,576,879)	-468
Contribution by employees to company's income									
Tax on profit	111,164	6,476,415	-2	128,622	6,887,708	-4	(17,458)	(411,293)	14
TOTAL GAINS	5,650,757		114	4,215,424		126.11	1,435,332		34
TOTAL EXPENSES	4,782,521		97	3,962,529		119	819,991		21
PROFIT OR LOSS	868,236	50,583,546	18	252,894	13,542,527	8	615,341	37,041,018	243
(Total gains -Total expenses)									

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, IFRS AND US GAAP

Our financial statements are prepared in conformity with Indian GAAP which differs in certain significant respects from U.S. GAAP and IFRS. Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by U.S. GAAP and IFRS, which we have not made.

The following is a general summary of significant differences between Indian GAAP, U.S. GAAP and IFRS.

The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to U.S. GAAP or Indian GAAP to IFRS been undertaken by our management. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto.

We have not prepared financial statements in accordance with U.S. GAAP or IFRS. Therefore, we cannot presently estimate the net effect of applying U.S. GAAP or IFRS on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP, U.S. GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. No attempt has been made to identify future differences between Indian GAAP, U.S. GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP, U.S. GAAP and IFRS and how these differences might affect the financial statements appearing in the section “Financial Statements” beginning on page 143.

Subject	IFRS/IAS	US GAAP	Indian GAAP
<u>Financial Statements</u>			
<u>Components of financial statements</u>	Two years’ consolidated balance sheets, income statements, cash flow statements, changes in equity and accounting policies and notes need to be presented. In limited circumstances or on voluntary basis, an entity may present single-entity parent company (standalone) financial statements along with its consolidated financial statements.	Two years’ consolidated balance sheets, income statements, cash flow statements, changes in equity and accounting policies and notes need to be presented, except for SEC registrants (public companies) where three years is required for all statements except balance sheet. Specific accommodations in certain circumstances for foreign private issuers that may offer relief from the three-year requirement.	Single-entity parent company (standalone) should present two years’ balance sheets, income statements, cash flow statements, and accounting policies and notes. Public listed company is additionally required to prepare consolidated financial statements along with the standalone financial statements.
<u>Balance Sheet</u>	IFRS does not prescribe a particular format. A liquidity presentation of assets and liabilities is used, instead of a current/noncurrent	Entities may present either a classified or non-classified balance sheet. Items on the face of the balance sheet are generally	Accounting standards do not prescribe a particular format; certain items must be presented on the face of the balance sheet. Formats are prescribed by the

	presentation, only when a liquidity presentation provides more relevant and reliable information. Certain minimum items are presented on the face of the balance sheet.	presented in decreasing order of liquidity. US public companies should follow SEC regulations	Companies Act and other industry regulations like banking, insurance, etc
<u>Income Statement</u>	IFRS does not prescribe a standard format, although expenditure is presented in one of two formats (function or nature). Certain minimum items must be presented on the face of the income statement.	To be presented as either in a single-step (where all expenses are classified by function and are deducted from total income to give income before tax); or multiple step (where cost of sales is deducted from sales to show gross profit, and other income and expense are then presented to give income before tax.) format. Expenditures are presented by function. US public companies should follow SEC regulations.	Indian GAAP does not prescribe a standard format; but certain income and expenditure items are disclosed in accordance with accounting standards and the Companies Act. Industry-specific formats are prescribed by industry regulations.
<u>Statement of recognised income and expense (SoRIE)/Other comprehensive income and Statement of accumulated other comprehensive income</u>	A SoRIE can be presented as a primary statement, in which case a statement of changes in shareholders' equity is not presented. Alternatively it may be disclosed separately in the primary statement of changes in shareholders' equity.	Total comprehensive income and accumulated other comprehensive income are disclosed, presented either as a separate primary statement or combined with the income statement or with the statement of changes in stockholders' equity.	Not Required
<u>Statement of changes in share (stock) holders' equity</u>	Statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity. The statement is presented as a primary statement unless a SoRIE is presented as a primary statement. In case SoRIE is presented as a primary statement, supplemental equity information is provided in a note.	Statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity. The statement is presented as a primary statement, and SEC rules require further disclosure of certain items in the notes.	No separate statement is required. Changes in Shareholders' equity are disclosed in separate schedules of 'Share capital' and 'Reserves and surplus'
<u>Cash Flow Statement</u>	Cash flows from operating, investing and financing activities are classified separately. Inflows and Outflows of cash and cash equivalents are reported in cash flow statement. The cash flow statement may be prepared using the Direct or indirect method. The indirect method is more common.	Cash flows from operating, investing and financing activities are classified separately. The cash flow statement provides relevant information about cash receipts and cash payments. SEC encourages the direct method but however the indirect method is permitted and more common in practice.	Cash flows from operating, investing and financing activities are classified separately. Inflows and Outflows of cash and cash equivalents are reported in cash flow statement. The cash flow statement may be prepared using the Direct or indirect method. However, indirect method is required for listed companies and direct method for insurance companies.

	<p>Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a maturity of three months or less from its acquisition date. Cash may also include bank overdrafts repayable on demand but not short-term bank borrowings; these are considered to be financing cash flows.</p>	<p>Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a maturity of three months or less from its acquisition date. bank overdrafts are not included in cash and cash equivalents; changes in the balances of overdrafts are classified as financing cash flows, rather than being included within cash and cash equivalents.</p>	<p>Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a maturity of three months or less from its acquisition date. bank overdrafts are not included in cash and cash equivalents; changes in the balances of overdrafts are classified as financing cash flows, rather than being included within cash and cash equivalents.</p>
<p><u>Consolidated financial statements</u></p>	<p>Parent entities prepare consolidated financial statements that include all subsidiaries. An exemption applies to a parent that is itself wholly owned or if:</p> <ul style="list-style-type: none"> • the owners of the minority interests have been informed about and do not object to the parent not presenting consolidated financial statements, and the parent's securities are not publicly traded; • it is not in the process of issuing securities in public securities markets; and • the immediate or ultimate parent publishes consolidated financial statements that comply with IFRS. 	<p>There is no exemption for general purpose financial statements. Consolidated financial statements are presumed to be more meaningful and are required for public companies. Specific rules apply for certain industries.</p>	<p>Consolidated financials are mandatory for public listed companies, whereas optional for other entities</p>
	<p>Consolidated financial statements are prepared using uniform accounting policies for all of the entities in a group.</p>	<p>Consolidated financial statements are prepared using uniform accounting policies for all of the entities in a group except when a subsidiary has specialised industry accounting principles. Retention of the specialised accounting policy on consolidation is permitted in such cases.</p>	<p>Consolidated financial statements are prepared using uniform accounting policies for all of the entities in a group. If it is not practicable to use uniform accounting policies that fact should be disclosed together with the proportions of the items to which different accounting policies have been applied</p>
	<p>The consolidated financial statements of the parent and the subsidiary are usually drawn up at the same reporting date. However, the consolidation of subsidiary accounts can be drawn up at a different reporting date provided the difference between the reporting dates is no more than three months. Adjustments are made for significant transactions that occur in the</p>	<p>The consolidated financial statements of the parent and the subsidiary are usually drawn up at the same reporting date. However, the consolidation of subsidiary accounts can be drawn up at a different reporting date provided the difference between the reporting dates is no more than three months. Adjustments are generally</p>	<p>The consolidated financial statements of the parent and the subsidiary are usually drawn up at the same reporting date. However, the consolidation of subsidiary accounts can be drawn up at a different reporting date provided the difference between the reporting dates is no more than six months. Adjustments are made for significant transactions that occur in the</p>

	gap period.	not made for transactions that occur in the gap period.	gap period.
<u>Business Combinations</u>			
Types	All business combinations are acquisitions.	All business combinations are acquisitions.	No comprehensive accounting standard on business combinations. All business combinations are acquisition; except uniting of interests method is used in certain amalgamations when all the specified conditions are met. Accounting would differ for following: An entity acquired and held as a subsidiary; an acquisition by way of amalgamation of entity; a business acquisition (assets and liabilities only)
Purchase method - values on acquisition	Assets, liabilities and contingent liabilities of acquired entity are fair valued. If control is obtained in a partial acquisition of a subsidiary, the full fair value of assets, liabilities and contingent liabilities, including portion attributable to the minority (noncontrolling) interest, is recorded on consolidated balance sheet. Goodwill is recognised as the residual between the consideration paid and the percentage of the fair value of the business acquired. Liabilities for restructuring activities are recognised only when acquiree has an existing liability at acquisition date. Liabilities for future losses or other costs expected to be incurred as a result of the business combination cannot be recognised.	Assets, liabilities and contingent liabilities of acquired entity are fair valued. If control is obtained in a partial acquisition of a subsidiary, the full fair value of assets and liabilities is recorded on consolidated balance sheet. Minority interest is stated as preacquisition carrying value of net assets, and contingent liabilities of the acquiree are not recognised at the date of acquisition. Goodwill is recognised as the residual between the consideration paid and the percentage of the fair value of the business acquired. Some restructuring liabilities relating solely to the acquired entity may be recognised if specific criteria about restructuring plans are met.	Under Indian GAAP, (a) on consolidation of an acquired entity held as a subsidiary, the acquired assets and liabilities are incorporated at their existing carrying amounts (after making adjustments to eliminate conflicting accounting policies) ; (b) for amalgamation accounted under the purchase method, the acquired assets and liabilities are incorporated at their existing carrying amounts (after making adjustments to eliminate conflicting accounting policies) or, alternatively, the consideration is allocated to individual identifiable assets and liabilities at their fair values. However a court order approving an amalgamation may provide different and/or additional accounting entries; and (c) on acquisition of a business, the acquired assets and liabilities are incorporated at their fair values or the value of assets surrendered. No separate restructuring provision is recognised on acquisition.
Purchase method –contingent consideration	Included in cost of combination at acquisition date if adjustment is probable and can be measured reliably.	Not recognised until contingency is resolved or amount is determinable.	Included in consideration if payment is probable and an amount can be reasonably estimated.
Purchase method – minority interests at acquisition	Where an investor acquires less than 100% of a subsidiary, the minority (non-controlling) interests are stated on the investor's balance sheet at the minority's proportion of the net	The minority interests are valued at their historical book value. Fair values are assigned only to the parent company's share of the net assets acquired	The minority interests are valued at their historical book value.

	fair value of acquired assets, liabilities and contingent liabilities assumed.		
Purchase method – goodwill and intangible assets with indefinite useful lives	Capitalised but not amortised. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually at either the cash-generating unit (CGU) level or groups of CGUs, as applicable.	Capitalised but not amortised. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually at either the cash-generating unit (CGU) level or groups of CGUs, as applicable. The level of impairment testing and the impairment test itself are different.	Goodwill arising on amalgamation is amortised over its useful life not exceeding 5 years unless longer period can be justified. No specific guidance exists for goodwill arising on consolidation or on business acquisitions (assets and liabilities only) ; practice varies with no amortisation versus amortisation over its useful life not exceeding 10 year. Goodwill is reviewed for impairment at the CGU level whenever there is a trigger or indication of impairment. Intangibles assets are not classified into indefinite useful lives category. All intangible assets are amortised over a period not exceeding 10 years.
Purchase method – negative goodwill	If any excess of fair value over the purchase price arises, the acquirer reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination. Any excess remaining after reassessment is recognized immediately in the income statement.	Any excess over the purchase price after reassessment is used to reduce proportionately the fair values assigned and allocated on a pro-rat basis to all assets other than : <ul style="list-style-type: none"> • Current assets ; • Financial assets (other than equity method investments); • Assets to be sold ; • Prepaid pension assets ; and • Deferred taxes. Any negative goodwill remaining is recognized as an extraordinary gain.	Negative goodwill is termed as capital reserve (recorded in equity) and reduced from the investment value. Capital reserve is neither amortised nor available for distribution as dividends to the shareholders. However, in case of an amalgamation accounted under the purchase method, the fair value of intangible assets with no active market is reduced to the extent of capital reserve, if any, arising on the amalgamation
Purchase method – subsequent adjustments to fair values	Adjustment against goodwill to the provisional fair values recognized at acquisition are permitted provided those adjustments are made within 12 months of the acquisition date. Adjustments made after 12 months are recognized in the income statement	Adjustment against goodwill to the provisional fair values recognized at acquisition are permitted provided those adjustments are made within 12 months of the acquisition date. Adjustments made after 12 months are recognized in the income statement. Once fair value allocation is finalised, no further changes are permitted except for the resolution of known preacquisition contingencies. The adjustments made during the allocation period relating to data for which management was waiting to complete the allocation are	No change is permitted, except for certain deferred tax adjustment on carry forward losses or unabsorbed depreciation not recognised on amalgamation. It is permitted to be recognised if it becomes recognisable by the first annual balance sheet date subsequent to the amalgamation. All other subsequent adjustments are recorded in income statement.

		recorded against goodwill.	
Purchase method – disclosure	Disclosures include names and descriptions of combining entities, date of acquisition, cost of combination, summary of fair values and pre-acquisition IFRS values of assets and liabilities acquired, impact on results and financial position of acquirer, and reasons behind the recognition of goodwill.	Disclosures include names and descriptions of combining entities, date of acquisition, cost of combination, summary of fair values and pre-acquisition IFRS values of assets and liabilities acquired, impact on results and financial position of acquirer, and reasons behind the recognition of goodwill with additional disclosures regarding the reasons for the acquisition and details of allocations..	Disclosures include names and descriptions of combining entities, effective date , consideration (paid or contingently payable), method of accounting , amount of goodwill/capital reserve and period of amortisation .
Uniting of interests method	Prohibited	Prohibited	Required for certain amalgamations when all the specified conditions are met
Business combinations involving entities under common control	Not specifically addressed. Entities elect and consistently apply either purchase or pooling-of-interest accounting for all such transactions.	Generally recorded at predecessor cost; the use of predecessor cost or fair value depends on a number of criteria.	No specific guidance. Normal business combination accounting would apply
<u>Assets</u>			
<u>Property plant and equipment</u>	Assets are carried at cost less accumulated depreciation and impairment. However, revaluation at fair value is permitted under the alternative treatment. The revaluation model should be applied to an entire class of assets.	Assets are carried at cost less accumulated depreciation and impairment losses. Revaluations are not permitted.	Assets are carried at historical cost less accumulated depreciation and impairment or revalued amounts .Revaluations are permitted. On revaluation, an entire class of assets is revalued or a section of assets for revaluation is made on a systematic basis. However revaluation should not exceed the recoverable amount of the asset.
<u>Intangible Assets</u>	Intangible assets subject to amortisation are carried at historical cost less accumulated amortisation/impairment, or at fair value less subsequent amortisation/impairment. Intangible assets not subject to amortisation are carried at historical cost unless impaired. Subsequent revaluation of intangible assets to their fair value is based on prices in an active market. Evaluations are performed regularly and at the same time for the entire class of intangible assets if an entity adopts this treatment (extremely rare in practice).	Intangible assets subject to amortisation are carried at amortised cost less impairment. Intangible assets not subject to amortisation are carried at historical cost less impairment.Revaluation is not allowed.	All intangible asset are carried at amortised cost less impairment. Revaluation is not allowed

	Intangible assets with definite lives are amortized over the useful life. Intangibles assigned an indefinite useful life are not amortised but reviewed at least annually for impairment. There is no presumed maximum life.	Intangible assets with definite lives are amortized over the useful life. Intangibles assigned an indefinite useful life are not amortised but reviewed at least annually for impairment. There is no presumed maximum life.	The depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. In cases where there is persuasive evidence that the useful life of an intangible asset is longer than ten years, the enterprise: (a) amortises the intangible asset over the best estimate of its useful life; (b) estimates the recoverable amount of the intangible asset at least annually in order to identify any impairment loss and (c) discloses the reasons why the presumption is rebutted and the factor(s) that played a significant role in determining the useful life of the asset However the useful life of an intangible asset may be very long but it is always finite.
<u>Impairment of assets</u>	Impairment is assessed on discounted cash flows. If impairment is indicated, assets are written down to higher of fair value less costs to sell and value in use based on discounted cash flows. Reversal of impairment losses is required in certain circumstances, except for goodwill.	Impairment is assessed on undiscounted cash flows for assets to be held and used. If less than carrying amount, impairment loss is measured using market value or discounted cash flows. Reversal of losses is prohibited.	Impairment is assessed on discounted cash flows. If impairment is indicated, assets are written down to higher of fair value less costs to sell and value in use based on discounted cash flows. Reversal of impairment losses for goodwill is required in certain circumstances
<u>Financial Assets</u>	Measurement of assets depends on classification of investment – if held to maturity or loans and receivables, they are carried at amortised cost; others(i.e.financial assets at fair value through profit or loss or held for trading or available for sale) at fair value. Unrealised gains/lossesi.e changes in fair value of financial assets on fair value through profit or loss classification (including held for trading) is recognised in income statement. Unrealised gains and losses i.e changes in fair value on available-for-sale investments are recognised in equity.	Investments in marketable equities and all debt securities are classified according to managements holding intent into one of the following categories – trading available for sale or held to maturity.Trading securities are marked to fair value with the resulting unrealized gain or loss recognized currently in the income statement. Held to maturity assets are measured at amortised cost	Investments are classified as long term investments and current investments.Long term investments are carried at cost less impairmentThe carrying amount for current investments is the lower of cost and fair value.Any reduction in carrying amount and any reversals are charged or credited to the income statement.Unrealised losses are charged to the income statement. Unrealised gains are not recorded except to restore previously recorded unrealized losses that may have reversed
<u>Liabilities</u>			

<u>Provisions</u>	<p>The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The anticipated cash flows are discounted using a pre-tax discount rate (or rates) that reflect(s) current market assessments of the time value of money and those risks specific to the liability if the effect is material. If a range of estimates is predicted and no amount in the range is more likely than any other amount in the range, the 'mid-point' of the range is used to measure the liability.</p>	<p>The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. However, if a range of estimates is present and no amount in the range is more likely than any other amount in the range, the 'minimum' (rather than the mid-point) amount is used to measure the liability. A provision is only discounted when the timing of the cash flows is fixed. Differences may arise in the selection of the discount rate, particularly in the area of asset retirement obligations.</p>	<p>The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Discounting is not required. In practice provisions are measured by using a substantial degree of estimation.</p>
<u>Contingencies</u>	<p>Contingent liabilities are disclosed unless the probability of outflows is remote.</p> <p>Contingent asset is recognized when the realization of the associated benefit, such as an insurance recovery, is virtually certain.</p>	<p>Contingent liabilities are disclosed unless the probability of outflows is remote. An accrual for a loss contingency is required if it is probable (defined as likely to occur) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable.</p>	<p>Contingent liabilities are disclosed unless the probability of outflows is remote.</p> <p>Contingent asset is recognized when the realization of the associated benefit is virtually certain. However certain disclosures as specified under IFRS are not required.</p>
<u>Deferred Income Tax</u>	<p>Deferred tax assets and liabilities are recorded for the tax effect of temporary differences – ie, the difference between carrying amount and tax base of assets and liabilities</p> <p>A deferred tax asset is recognised if it is probable (more likely than not) that sufficient taxable profit will be available against which the temporary difference can be utilised.</p> <p>Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted</p> <p>Deferred tax assets and liabilities are classified net as non-current on the balance sheet</p>	<p>Deferred tax assets and liabilities are recorded for the tax effect of temporary differences – ie, the difference between carrying amount and tax base of assets and liabilities</p> <p>A deferred tax asset is recognised in full but is then reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realised.</p> <p>Deferred tax assets and liabilities are measured using the tax rate and tax laws that have been enacted. Use of substantively enacted rates is not permitted.</p> <p>Deferred tax assets and liabilities are either classified as current or non-current, based on the classification of the related</p>	<p>Deferred taxes are required to be provided for the tax effect of timing differences which are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.</p> <p>Deferred tax assets is recognised (a) if realisation is virtually certain for entities with tax losses carry forward, whereas (b) if realisation is reasonably certain for entities with no tax losses carry forward</p> <p>Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted</p> <p>Deferred Tax asset , net is disclosed after "Net current assets": whereas deferred tax liability , net is disclosed after unsecured loans</p>

		non-tax asset or liability for financial reporting.	
<u>Fringe Benefit Tax</u>	It is included as a part of related expense (fringe benefit) which gives rise to the incurrence of the tax.	It is included as a part of related expense (fringe benefit) which gives rise to the incurrence of the tax	It is disclosed as a separate item after 'profit before tax' on the face of the income statement
<u>Expenses</u>			
<u>Depreciation</u>	The depreciable amount is allocated on a systematic basis to each accounting period over its useful life, reflecting the pattern in which the entity consumes the asset's benefits.	The depreciable amount is allocated on a systematic basis to each accounting period over its useful life, reflecting the pattern in which the entity consumes the asset's benefits.	The depreciable amount is allocated on a systematic basis to each accounting period over its useful life, reflecting the pattern in which the entity consumes the asset's benefits. However, depreciation is generally charged at rates prescribed by the Companies Act. These rates are the minimum rates, and companies are permitted to charge depreciation at higher rates, in order to write off the cost of assets over their useful lives, if shorter.
<u>Employee Benefits-Defined Benefit Plans</u>	Projected unit credit method is used to determine benefit obligation and record plan assets at fair value. Actuarial gains and losses can be deferred.	Projected unit credit method is used to determine benefit obligation and record plan assets at fair value. Actuarial gains and losses can be deferred.	With the adoption of AS 15 (revised), Projected unit credit method is used to determine benefit obligation and record plan assets at fair value. Actuarial gains and losses are recognised immediately in the income statement.
<u>Employee Benefits-Compensated expenses</u>	It qualifies as short-term or other long- term employee benefits. The expected cost of accumulating short-term compensated absences is recognized on accrual basis. Liability for long –term compensated absences is measured using Projected unit credit method	No segregation is done between short-term and long-term employee benefits. The expected cost of all the accumulating compensated absences is recognized on an accrual basis. Discounting is permitted on rare circumstances.	With the adoption of AS 15 (revised), it qualifies as short-term or other long- term employee benefits. The expected cost of accumulating short-term compensated absences is recognized on accrual basis. Liability for long –term compensated absences is measured using Projected unit credit method
<u>Employee Share Compensation</u>	The fair value of shares and options awarded to employees is recognised over the period to which the employees' services relate. The award is presumed to be for past services if it is unconditional without any performance criteria.	The fair value of the stock-based compensation is recognised over the requisite service period, which may be explicit, implicit or derived depending on the terms of the awards (service condition, market condition, performance condition or a combination of conditions).	The fair value of shares and options awarded to employees is recognised over the period to which the employees' services relate. However the SEBI guideline requires that the cost be recognised and amortised on a straight line basis over the vesting period

	For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured at the fair value of the goods or services received. If the entity cannot estimate reliably the fair value of the goods or services received, as will be the case with employee services, it should measure their value and the corresponding increase in equity by reference to the fair value of the equity instruments granted. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability.	The use of the 'fair-value-based method' for measuring the value of share-based compensation is required. The fair value is determined at the grant date, assuming that employees fulfill the award's vesting conditions and are entitled to retain the award.	Entities may follow either an intrinsic value method of a fair value method. The Guidance note prefers fair value method. Under the intrinsic value method, the compensation cost is the difference between the market price of the share at the grant date and the exercise price. The fair value method is based on the fair value of the option at the grant date. This is estimated using an option pricing model. If an entity follows intrinsic method, the Guidance note recommends disclosing the impact on the net results and earnings per share as if the fair value method was applied.
<u>Dividends</u>	Dividends on ordinary equity shares are presented as a deduction in the statement of changes in shareholders' equity in the period when authorised by shareholders. Dividends are accounted in the year when declared.	Dividends on ordinary equity shares are presented as a deduction in the statement of changes in shareholders' equity in the period when authorised by shareholders. Dividends are accounted in the year when declared.	Dividends on ordinary equity shares are presented as an appropriation to the income statement. Dividends are accounted in the year to which it pertains.
<u>Derivatives and Hedging</u>			
<u>Derivatives and other financial instruments - cash flow and fair value hedges</u>	Derivatives and hedge instruments are measured at fair value; changes in fair value are recognised in income statement except for effective portion of cash flow hedges, where the changes are deferred in equity until effect of underlying transaction is recognised in income statement. Gains/losses from hedge instruments that are used to hedge forecasted transactions may be included in cost of non-financial asset/liability (basis adjustment).	Derivatives and hedge instruments are measured at fair value; changes in fair value are recognised in income statement except for effective portion of cash flow hedges, where the changes are deferred in equity until effect of underlying transaction is recognised in income statement.	No comprehensive guidance except for: (a) forward exchange contracts intended for speculative or trading are carried at fair value; whereas those not held for speculative or trading, the premium or discount is amortised over life of the contract and the exchange difference is recognised in income statement. (b) equity index futures and options and equity stock options are carried at lower of cost or market; (c) Forward exchange contract to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction would be accounted similar to foreign exchange contracts not held for speculation or trading. Industry specific guidance on certain instruments for e.g. banking industry.

<u>Derivatives and other financial instruments - net investment hedges</u>	Effective portion of gains/losses on hedges of net investments is recognised in equity; ineffective portion is recorded in income statement. Gains/losses held in equity are transferred to income statement on disposal or partial disposal of investment.	Effective portion of gains/losses on hedges of net investments is recognised in equity; ineffective portion is recorded in income statement. Gains/losses are transferred to income statement upon sale or complete or substantially complete liquidation of investment.	No specific guidance.
<u>Other Accounting and reporting topics</u>			
<u>Earnings per share –diluted</u>	Weighted average potential dilutive shares are used as denominator for diluted EPS. ‘Treasury share’ method is used for share options/warrants.	Weighted average potential dilutive shares are used as denominator for diluted EPS. ‘Treasury share’ method is used for share options/warrants.	Weighted average potential dilutive shares are used as denominator for diluted EPS. ‘Treasury share’ method is used for share options/ warrants except in certain circumstances advance share application money received is treated as dilutive potential equity shares.
<u>Related-party transactions</u>	Related parties are determined by the level of direct or indirect control, joint control and significant influence of one party over another or common control by another entity.	Related parties are determined by the level of direct or indirect control, joint control and significant influence of one party over another or common control by another entity.	Related parties are determined by the level of direct or indirect control, joint control and significant influence of one party over another or common control by another entity; however the determination may be based on legal form rather than substance. Hence the scope of parties covered under the definition of related party could be less than under IFRS or US GAAP.
	Name of the parent entity is disclosed and, if different, the ultimate controlling party, regardless of whether transactions occur is disclosed. For related-party transactions, nature of relationship (seven categories), amount of transactions, outstanding balances, terms and types of transactions are disclosed. Exemption is given only to intragroup transactions in consolidated accounts.	Name of the parent entity is disclosed and, if different, the ultimate controlling party, regardless of whether transactions occur is disclosed. For related-party transactions, nature of relationship (seven categories), amount of transactions, outstanding balances, terms and types of transactions are disclosed. Exemption is given only to intragroup transactions in consolidated accounts, however the exemptions are narrower than under IFRS.	Name of the parent entity is disclosed and, if different, the ultimate controlling party, regardless of whether transactions occur is disclosed. For related-party transactions, nature of relationship (seven categories), amount of transactions, outstanding balances, terms and types of transactions are disclosed. Exemption is given only to intragroup transactions in consolidated accounts. However, certain explicit exemptions are available for disclosures. Exemption for certain SMEs having turnover or borrowings below certain threshold but there is no exemption for separate financial statements of subsidiaries.

<u>Segment Reporting</u>	Applicable to listed entities and entities in the process of listing. Non-listed entities may choose full compliance.	Applicable to listed entities. Non-listed entities are encouraged but not required to comply.	Applicable to listed entities and entities in the process of listing. Non-listed entities may choose full compliance.
	Reporting is based on business and geographical segments – one as primary format, the other as secondary. The choice will depend on the impact on business risks and returns. The secondary format requires less disclosure.	Reporting is based on operating segments and the way the chief operating decision-maker evaluates financial information for the purposes of allocating resources and assessing performance.	Reporting is based on business and geographical segments – one as primary format, the other as secondary. The choice will depend on the impact on business risks and returns. The secondary format requires less disclosure.
	Identification of segment is based on profile of risks and returns and internal reporting structure	Identification of segment is based on the internally reported operating segments.	Identification of segment is based on profile of risks and returns and internal reporting structure
	Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.	Segment information is prepared using internal financial reporting policies (even if accounting policies differ from group accounting policy).	Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our consolidated and unconsolidated restated financial statements prepared in accordance with Indian GAAP and restated in conformance with SEBI Guidelines, including the schedules, annexure and notes thereto and the independent auditors' reports thereon, beginning on page 143. Our restated financial statements have been examined by our independent auditors and are derived from our audited consolidated and unconsolidated financial statements. Some of the statements in the following discussion are forward-looking statements. See "Forward-Looking Statements" on page x. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could impact our financial condition, results of operations and cash flows, including those set forth under "Risk Factors" beginning on page xi and elsewhere in this Draft Red Herring Prospectus and those set forth below.

The financial information used in this section as of and for the three months ended June 30, 2007 is derived from our audited unconsolidated financial statements as restated. The financial information used in this section as of and for the years ended March 31, 2007, 2006, 2005 and 2004 is derived from our audited consolidated financial statements as restated.

Prior to fiscal 2004, our fiscal year ended on December 31 of each year. Accordingly, our fiscal 2003 ended on December 31, 2002. Beginning fiscal 2004, we changed our fiscal year to end on March 31 of each year. All references to "year ended March 31, 2004" or "fiscal 2004" are to the 15-month period ended March 31, 2004. Accordingly, the results for fiscal 2004 are not comparable to the results for other fiscal years. All references to a particular fiscal year after fiscal 2004 are to the 12-month period ended March 31 of that year.

Overview

We are a leading provider of telecommunications value added software products and services in India with an expanding international presence, particularly in emerging markets in Asia. Our products are targeted at end-user telecommunications subscribers with an increasing focus on capitalising on the convergence between wireless and wireline telecommunications services, media content distribution, internet, mobile marketing and mobile commerce.

Our customers include the major telecommunications carriers or operators in India such as Bharti Airtel Limited ("Bharti"), Bharat Sanchar Nigam Limited ("BSNL"), Reliance Communications Limited ("Reliance"), Tata Teleservices Limited ("TTSL") and Vodafone Essar Limited ("Vodafone Essar") and more than 10 international telecommunications operators in over eight countries, including SingTel Optus Pty Limited ("Optus") in Australia, Sheba Telecom (Pvt) Limited ("Banglalink") in Bangladesh, Malaysian Mobile Services Sdn Bhd ("Maxis") in Malaysia, PT Bakrie Telecom, Tbk ("BTEL") and PT Indosat Tbk ("Indosat") in Indonesia. As of June 30, 2007, we had a market reach of more than 216 million subscribers in India. As of March 31, 2007, we had a market reach of more than 75 million subscribers internationally. In addition, we had approximately 156 million unique users who had used at least one of our services since our inception .

We were incorporated in India on September 27, 2000 by OnMobile Systems Inc (OMSI), which was an incubated startup of Infosys, to develop telecommunication software applications for the mobile telecommunications industry. We have experienced significant growth in recent years through various expansion projects and by successfully growing our business. For example, in 2006, we acquired ITFinity, a Mumbai-based developer of handset embedded software that allows consumers to access content from their mobile phones. In addition, we have recently acquired Vox mobili S.A., a Paris-based global provider of telecommunications related value added services focused on global management of personal and group data such as personal data management, wireless synchronization and embedded client solutions. We believe our experience in operating and expanding our business in India will allow us to capitalise on attractive growth opportunities arising from the fast growing Indian market for telecommunications value-added services, relatively low cost of operations and large and inexpensive labour and talent pools.

Our consolidated total income grew from Rs. 409.5 million in fiscal 2005 to Rs. 826.2 million in fiscal 2006 and to Rs. 1,329.7 million in fiscal 2007, representing a compounded annual average growth rate of 80.2%. Our consolidated earnings after tax grew from Rs. 140.2 million in fiscal 2005 to Rs. 247.8 million in fiscal 2006 and to Rs. 337.2 million in fiscal 2007, representing a compounded annual average growth rate of 55.1%. For the three-months ended June 30, 2007, our unconsolidated total income was Rs. 476.5 million and our unconsolidated earnings after tax was Rs. 118.7 million.

The financial information for fiscal 2007 reflects the acquisition of ITfinity, and therefore the results for fiscal 2007 are not comparable to the results for prior fiscal years and periods. Rs 358.5 million was recognized as goodwill and subsequently adjusted against securities premium account.

Income

We derive income primarily from the sale of our telecommunications value-added products and services, which contributed more than 90% of our total income in fiscal 2006 and 2007. We also derive income from software development, licensing of software, and other services which include maintenance services and onsite engineering support.

Income by Geographical Region

The following table is derived from our selected consolidated financial data and set forth the net revenue from domestic sales and overseas sales as a percentage of our net revenue on a consolidated basis for the periods indicated:

	Year Ended March 31,							
	2007		2006		2005		2004	
	Net Revenue	% of Net Revenue	Net Revenue	% of Net Revenue	Net Revenue	% of Net Revenue	Net Revenue	% of Net Revenue
	(Rs. in millions except percentages)							
India	1,301.3	97.9	824.3	99.8	408.9	99.9	172.6	100.0
Overseas....	28.4	2.1	1.9	0.2	0.6	0.1	—	—
Total	1,329.7	100.0	826.2	100.0	409.5	100.0	172.6	100.0

Customer Concentration

The following table sets forth the percentage of our net revenue accounted for by our five largest customers on a consolidated basis for the periods indicated:

	Year Ended March 31,				
	2003	2004	2005	2006	2007
Net revenue	100%	100%	100%	95%	81%

Our customer concentration follows the concentration of market share in telecom operators, a relatively few of which hold a majority market share in India. See “Industry” on page 83.

Expenditures

Our expenditures include:

- Cost of sales and services;
- Manpower costs;
- Administration and other expenses;
- Depreciation; and
- Finance charges.

Our cost of sales and services comprises content fee and royalty and cost of hardware and software development. Our content fee and royalty cost have been increasing over the past few years as a result of an increase in the prices of content and costs relating to our media business. We expense our software development costs in the period in which such costs arise instead of amortising such costs. We include the costs of our software development that we outsource in our costs of sales and services.

Our manpower cost comprise salaries, wages and bonuses paid to employees and directors, contribution to employee provident funds, gratuity, retirement benefits and staff welfare expenses and insurance. We also include the costs of our software development that we develop internally and not outsourced in our manpower costs.

Our administrative and other expenses include rent, office maintenance charges, communication charges, travel expenses, legal and professional charges, and marketing expenses.

Our finance charges include interest charges payable by us on short-term loans.

Factors that May Affect Results of Operations

Our results of operations depend on various factors, including the following:

- Our ability to innovate, develop and deploy, and the time to market for, new products and services.
- Changes in the demand for telecommunication value-added products and services in the Indian and other international markets in which we operate.
- Competition in India, Europe and other international markets from other telecommunication solutions providers or carriers.
- Strategic acquisitions and alliances.
- Increases in wages for technical service operation and application development engineers and other professionals in India which could affect the recruitment and the retention of manpower and our costs.
- Our ability to recruit, retain and train employees.
- Consolidation among telecom operators in India, and our ability to sell our products to them.
- Fluctuations of the Indian Rupee against foreign currencies.

Results of Operations

Unconsolidated Results of Operations for June 30, 2007

The following table is derived from our unconsolidated financial statements and sets forth our operating results as of and for the three months ended June 30, 2007 stated in absolute terms and as a percentage of net revenue. Results for the three-months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full fiscal year.

	Three-months Ended June 30, 2007	
	(Rs. in millions except percentages)	
Net revenue	476.5	100.0%
Cost of sales and services	79.4	16.7
Manpower costs	113.1	23.7
Administrative and other expenses	90.5	19.0
Earnings Before Interest, Tax and Depreciation	193.5	40.6
Other income	26.1	5.5
Finance charges	0.0	0.0
Depreciation	43.0	9.0
Earnings before Tax	176.6	37.1
Provision for Taxation		
Current	61.2	12.8
Deferred	(6.5)	(1.4)
Fringe benefit tax	3.2	0.7
Earnings after Tax	118.7	24.9

Minority interest	0.0	0.0
Net Earnings	118.7	24.9%

Net Revenue

Our net revenue was Rs. 476.5 million in the three months ended June 30, 2007 primarily due to revenue from our domestic sales which contributed 95.3% in the three months ended June 30, 2007. Our revenues from international sales contributed 4.7% in the three months ended June 30, 2007. Revenue from international sales contributed 2.1% of total revenue in fiscal 2007.

Cost of Sales and Services

Our cost of sales and services was Rs. 79.4 million in the three months ended June 30, 2007 primarily due to software development expense, content fees and royalty payments. Cost of sales and services as a percentage of net revenue was 16.7% in the three months ended June 30, 2007.

Manpower Costs

Expenditure on manpower cost was Rs. 113.1 million in the three months ended June 30, 2007 due to an investment in manpower for our expanding business both in India and internationally and the impact of adopting the revised accounting standard on employee benefits. As of June 30, 2007, we had approximately 533 employees. Manpower costs as a percentage of net revenue was 23.7% in the three-months ended June 30, 2007.

Administration and Other Expenses

Our administration and other expenses were Rs. 90.5 million in the three months ended June 30, 2007, primarily due to rental for our office premises, facility costs, expenditures on travelling, communication, marketing and provision for doubtful debts. Administration and other expenses as a percentage of net revenue was 19.0% in the the three months ended June 30, 2007.

Earnings Before Interest, Tax and Depreciation

As a result of the cumulative effects of the reasons stated above, our earnings before interest, tax and depreciation was Rs. 193.5 million in the three months ended June 30, 2007. Our operating margin was 40.6% in the three months ended June 30, 2007 primarily on account of an increase in manpower cost and administrative expenses.

Other Income

Other income was Rs. 26.1 million in the three months ended June 30, 2007, primarily due to accrued yield on investment and interest on bank deposits.

Finance Charges

We had no finance charges in the three months ended June 30, 2007.

Depreciation

Depreciation expense was Rs. 43.0 million in the three months ended June 30, 2007, primarily due to an increase in investment in assets.

Earnings Before Tax

Our earnings before tax was Rs. 176.6 million in the three months ended June 30, 2007. Earnings before tax as a percentage of net revenue was 37.1% in the three months ended June 30, 2007.

Provision for Taxation

Tax on total income was Rs. 57.9 million in the three months ended June 30, 2007 due to current taxes, deferred taxes and fringe benefit taxes.

Earnings After Tax

Our earnings after tax was Rs. 118.7 million in the three months ended June 30, 2007. Earnings after tax as a percentage of net revenue was 24.9% in the three months ended June 30, 2007.

Consolidated Results of Operations

The following table is derived from our consolidated financial statements and sets forth our historical operating results stated in absolute terms and as a percentage of net revenue for the periods indicated.

	Year Ended March 31,							
	2007		2006		2005		2004	
	(Rs. in millions, except percentages)							
Net revenues	1,329.7	100.0%	826.2	100.0%	409.5	100.0%	172.6	100.0%
Cost of sales and services	(237.2)	17.8	(122.8)	14.9	(59.6)	14.6	(49.4)	28.6
Manpower costs	(270.5)	20.3	(114.9)	13.9	(46.5)	11.4	(35.8)	20.7
Administrative and other expenses	(212.1)	16.0	(117.2)	14.2	(38.9)	9.5	(17.5)	10.1
Earnings before Interest, Tax and Depreciation	609.9	45.9	471.3	57.0	264.5	64.5	69.9	40.5
Other income	43.4	3.3	1.1	0.1	1.8	0.4	1.2	0.7
Finance charges	(0.2)	-	-	-	-	-	-	-
Depreciation	(142.9)	10.7	(85.1)	10.3	(44.8)	10.9	(8.5)	4.9
Earnings before Tax	510.2	38.4	387.3	46.9	221.5	54.1	62.6	36.3
Provision for Taxation								
Current	(155.0)	11.7	(123.9)	15.0	(78.1)	19.1	(11.3)	6.5
Deferred	(6.4)	0.5	(12.1)	1.5	(3.2)	0.8	(8.1)	4.7
Fringe Benefit Tax	(6.1)	0.5	(3.5)	0.4	-	-	-	-
Earnings after Tax	342.7	25.8	247.8	30.0	140.2	34.2	43.2	25.0
Minority interest	(5.5)	0.4	-	-	-	-	-	-
Net Earnings	337.2	25.4%	247.8	30.0%	140.2	34.2%	43.2	25.0%

Comparison of the Years Ended March 31, 2007 and 2006

Net Revenue

Our net revenue increased by 60.9% to Rs. 1,329.7 million in fiscal 2007 from Rs. 826.2 million in fiscal 2006, primarily due to an increase in revenue from our domestic sales in India which increased by 57.9% to Rs. 1,301.3 million in fiscal 2007 from Rs. 824.3 million in fiscal 2006. Domestic sales increased due to an increase in the subscriber base of our existing carrier customers, introduction of new products, such as subscriptions service, m-radio service which enables subscribers to access radio services through the mobile network, services requiring lower amount of funds or deposit, and new streams of revenue through mobile commerce and media enterprises. Our revenue from international sales increased to Rs. 28.4 million in fiscal 2007 from Rs. 1.9 million in fiscal 2006 as we launched our products and services with international carrier customers at four new locations, Pakistan, Indonesia, Sri Lanka and the United Arab Emirates ("UAE"), and extended new services such as City Guide application to our existing customer, Optus, in Australia. Revenue from international sales represented 2.1% of net revenue in fiscal 2007.

Cost of Sales and Services

Our cost of sales and services comprise content fees, royalty payments, and cost of hardware and software development charges. Our cost of sales and services increased by 93.2% to Rs. 237.2 million in fiscal 2007 from Rs. 122.8 million in fiscal 2006 primarily due to an increase in content fees and royalty payments and

cost related to our media business. Cost of sales and services as a percentage of net revenue increased to 17.8% in fiscal 2007 from 14.9% in fiscal 2006.

Manpower Costs

Expenditure on manpower costs increased by 135.4% to Rs. 270.5 million in fiscal 2007 from Rs. 114.9 million in fiscal 2006, due to an increased investment in manpower for our expanding business both in India and internationally, strengthening of senior management resources and an increase in average salary levels. As of March 31, 2007, we had approximately 419 permanent employees compared to 228 as of March 31, 2006. Manpower costs as a percentage of net revenue increased to 20.3% in fiscal 2007 from 13.9% in fiscal 2006.

Administration and Other Expenses

Our administration and other expenses increased by 81.0% to Rs. 212.1 million in fiscal 2007 from Rs. 117.2 million in fiscal 2006. The increase in administration and other expenses was primarily due to increased rental for our new office premises, additional facility costs and increased expenditures on training, recruitment and marketing. Administration and other expenses as a percentage of net revenue increased to 16.0% in fiscal 2007 from 14.2% in fiscal 2006.

Earnings Before Interest, Tax and Depreciation

As a result of the cumulative effects of the reasons stated above, our earnings before interest, tax and depreciation increased by 29.4% to Rs. 609.9 million in fiscal 2007 from Rs. 471.3 million in fiscal 2006. Our operating margin decreased to 45.9% in fiscal 2007 from 57.0% in fiscal 2006 primarily on account of increased manpower costs and content fees.

Other Income

Other income increased to Rs. 43.4 million in fiscal 2007 from Rs. 1.1 million in fiscal 2006. The increase was primarily due to an increase in accrued yield on investments of Rs. 34.9 million and interest earned on deposits with banks of Rs. 6.6 million.

Finance Charges

Our finance charges increased to Rs. 0.2 million in fiscal 2007 from zero in fiscal 2006.

Depreciation

Depreciation expense increased by 67.9% to Rs. 142.9 million in fiscal 2007 from Rs. 85.1 million in fiscal 2006. The increase in depreciation expense was primarily the result of expansion of capacity.

Earnings Before Tax

Our earnings before tax increased by 31.7% to Rs. 510.2 million in fiscal 2007 from Rs. 387.3 million in fiscal 2006. Earnings before tax as a percentage of net revenue was 38.4% in fiscal 2007 compared to 46.9% in fiscal 2006. The decrease in earnings before tax margin was primarily attributed to increased operating expenses.

Provision for Taxation

Tax on total income increased 20.1% from Rs. 139.5 million in fiscal 2006 to Rs. 167.5 million in fiscal 2007 due to an increase in current taxes and fringe benefit taxes.

Earnings After Tax

Our earnings after tax increased by 36.1% to Rs. 337.2 million in fiscal 2007 from Rs. 247.8 million in fiscal 2006. Earnings after tax as a percentage of net revenue was 30.0% in fiscal 2006 compared to 25.4% in fiscal 2007. The decrease in earnings after tax margin was primarily attributed to the increase in operating expenses.

Comparison of the Years Ended March 31, 2006 and 2005

Net Revenue

Our net revenue increased by 101.8% to Rs. 826.2 million in fiscal 2006 from Rs. 409.5 million in fiscal 2005. The increase was primarily due to an increase in revenue from our domestic sales in India which increased by 101.6% to Rs. 824.3 million in fiscal 2006 from Rs. 408.9 million in fiscal 2005. Domestic sales increased due to an increase in the subscriber base of our existing carrier customers the addition of four new customers and the full year impact of new products launched in the prior year.

Cost of Sales and Services

Our cost of sales and services increased by 106.0% to Rs. 122.8 million in fiscal 2006 from Rs. 59.6 million in fiscal 2005 primarily due to an increase in content fees and royalty payments as a result of an increased demand for our products and services. Cost of sales and services as a percentage of net revenue increased slightly to 14.9% in fiscal 2006 from 14.6% in fiscal 2005.

Manpower Costs

Expenditure on manpower costs increased by 147.1% to Rs. 114.9 million in fiscal 2006 from Rs. 46.5 million in fiscal 2005 due to an increased investment in manpower for our expanding business and operations and an increase in average salary levels. As of March 31, 2006, we had approximately 228 permanent employees compared to 105 as of March 31, 2005. Manpower costs as a percentage of net revenue increased to 13.9% in fiscal 2006 from 11.4% in fiscal 2005.

Administration and Other Expenses

Our administration and other expenses increased by 200.3% to Rs. 117.2 million in fiscal 2006 from Rs. 38.9 million in fiscal 2005. The increase in administration and other expenses is primarily due to increased communication charges, legal and professional fees, travel costs and additional facility costs. Administration and other expenses as a percentage of net revenue increased to 14.2% in fiscal 2006 from 9.5% in fiscal 2005.

Earnings Before Interest, Tax and Depreciation

As a result of the cumulative effects of the reasons stated above, our earnings before interest, tax and depreciation increased by 78.3% to Rs. 471.3 million in fiscal 2006 from Rs. 264.5 million in fiscal 2005. Our operating margin decreased to 57.0% in fiscal 2006 from 64.5% in fiscal 2005 primarily on account of increased manpower cost and administration expenses.

Other Income

Other income decreased to Rs. 1.1 million in fiscal 2006 from Rs. 1.8 million in fiscal 2005, due to a decrease in interest earned from deposits with banks.

Finance Charges

We did not have any debt outstanding and, accordingly, there were no finance charges in fiscal 2006 and 2005.

Depreciation

Depreciation expense increased by 90.0% to Rs. 85.1 million in fiscal 2006 from Rs. 44.8 million in fiscal 2005. The increase in depreciation expense was primarily the result of additions to computer and electronic equipment for our expanding operations.

Earnings Before Tax

Our earnings before tax increased by 74.9% to Rs. 387.3 million in fiscal 2006 from Rs. 221.5 million in fiscal 2005. Earnings before tax as a percentage of net revenue was 46.9% in fiscal 2006 compared to

54.1% in fiscal 2005. The decrease in earnings before tax margin was primarily attributed to increased operating expenses.

Provision for Taxation

Tax on total income increased by 71.6% to Rs. 139.5 million in fiscal 2006 from Rs. 81.3 million in fiscal 2005. The increase was due to an increase in deferred and current taxes as a result of increased income and the introduction of the fringe benefit tax by the GoI in fiscal 2005.

Earnings After Tax

Our earnings after tax increased by 76.7% to Rs. 247.8 million in fiscal 2006 from Rs. 140.2 million in fiscal 2005. Earnings after tax as a percentage of net revenue was 30.0% in fiscal 2006 compared to 34.2% in fiscal 2005. The decrease in earnings after tax margin was primarily attributed to increased operating expenses.

Comparison of the Years Ended March 31, 2005 and 2004

Prior to fiscal 2004, our fiscal year ended on December 31 of each year. Beginning fiscal 2004, we changed our fiscal year to end on March 31 of each year. Accordingly, our fiscal 2004 includes financial results for a 15-month period compared to only a 12-month period for fiscal 2005.

Net Revenue

Our net revenue increased by 137.3% to Rs. 409.5 million in fiscal 2005 from Rs. 172.6 million in fiscal 2004. The increase was primarily due to an increase in revenue from the launch of our network based in-call services products.

Cost of Sales and Service

Our cost of sales and services increased by 20.6% to Rs. 59.6 million in fiscal 2005 from Rs. 49.4 million in fiscal 2004 primarily due to an increase in content fees and royalty payments as a result of an increased demand for our products and services. Cost of sales and services as a percentage of net revenue decreased to 14.6% in fiscal 2005 from 28.6% in fiscal 2004.

Manpower Costs

Expenditure on manpower costs increased by 29.9% to Rs. 46.5 million in fiscal 2005 from Rs. 35.8 million in fiscal 2004 due to an increased investment in manpower for our expanding business in India and an increase in average salary levels. As of March 31, 2005, we had approximately 105 permanent employees compared to 58 as of March 31, 2004. Manpower costs as a percentage of net revenue decreased to 11.4% in fiscal 2005 from 20.7% in fiscal 2004.

Administrative and Other Expenses

Our administration and other expenses increased by 122.3% to Rs. 38.9 million in fiscal 2005 from Rs. 17.5 million in fiscal 2004. The increase in administration and other expenses was primarily due to increased travel costs, business development charges and additional facility costs as a result of the expansion of our operations. Administration and other expenses as a percentage of net revenue decreased to 9.5% in fiscal 2005 from 10.1% in fiscal 2004.

Earnings Before Interest, Tax and Depreciation

As a result of the cumulative effects of the reasons stated above, our earnings before interest, tax and depreciation increased by 278.4% to Rs. 264.5 million in fiscal 2005 from Rs. 69.9 million in fiscal 2004. Our operating margin increased to 64.5% in fiscal 2005 from 40.5% in fiscal 2004.

Other Income

Other income increased by 50% to Rs. 1.8 million in fiscal 2005 from Rs. 1.2 million in fiscal 2004, primarily due to an increase in interest earned from deposits with banks and accrued yield on investments.

Finance Charges

We had no debt outstanding and, accordingly, there were no finance charges in fiscal 2005 and 2004.

Depreciation

Depreciation expense increased by 427.1% to Rs. 44.8 million in fiscal 2005 from Rs. 8.5 million in fiscal 2004. The increase in depreciation expense was primarily the result of additions to computer and electronic and office equipment for our expanding operations.

Earnings Before Tax

Our earnings before tax increased by 253.8% to Rs. 221.5 million in fiscal 2005 from Rs. 62.6 million in fiscal 2004. Earnings before tax as a percentage of net revenue was 54.1% in fiscal 2005 compared to 36.3% in fiscal 2004.

Provision for Taxation

Tax on total income increased by 321.2% to Rs. 81.3 million in fiscal 2005 from Rs. 19.3 million in fiscal 2004. The increase is due to an increase in current taxes.

Earnings After Tax

Our earnings after tax increased by 224.5% to Rs. 140.2 million in fiscal 2005 from Rs. 43.2 million in fiscal 2004. Earnings after tax as a percentage of net revenue was 34.2% in fiscal 2005 compared to 25.0% in fiscal 2004.

Effect of Restatements

Set forth below is a summary of adjustments to prior period results on account of changes in accounting policies:

	Year Ended March 31,			
	2007	2006	2005	2004
	(Rs. In million)			
Profit/(Loss) as per audited accounts	342.7	247.8	140.1	43.1
<i>Impact on changes in accounting policies</i>				
Miscellaneous Expenditure	—	—	0.2	0.3
<i>Impact on material adjustment and prior period items</i>				
Excess provision written back	—	—	—	(0.2)
Adjusted profit/(loss) accounts	342.7	247.8	140.2	43.2

The explanatory notes for these adjustments are discussed below:

1. *Miscellaneous Expenditure.* Until the fiscal year ended March 31, 2005, we had incurred certain 'preliminary expenditure', which was being amortized over a period of five years in accordance with the then applicable accounting standard. As Accounting Standard 26 on 'Intangible Assets',

was made mandatory for the accounting period commencing on or after April 1, 2003, we changed our policy to charge such expenses to the profit and loss account in the year in which they were incurred.

Accordingly, the carrying amount of preliminary expenditure forming part of the balance sheets at December 31, 2002, March 31, 2004 and March 31, 2005 which were not recognised to the profit and loss account have now been restated and recognised to the respective years to which they related.

2. *Excess Provision Written Back.* Excess provision written back in the profit and loss account pertaining to earlier fiscal years has now been restated and recognized as income in the respective years to which they were related.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows on an unconsolidated basis as of and for the three months ended June 30, 2007:

Three-months Ended June 30, 2007	
(Rs. in millions)	
Net cash flow from operations	34.0
Net cash flow from investing activities	(5.3)
Net cash flow from financing activities	(33.1)
Cash and cash equivalents at the beginning of the period	205.4
Cash and cash equivalents at the end of the period	201.0

The following table sets forth a summary of our cash flows on a consolidated basis for the periods indicated:

	Year Ended March 31,			
	2007	2006	2005	2004
(Rs. in millions)				
Net cash flow from operations	348	182.7	87.0	128.9
Net cash flow from investing activities	(1,414.6)	(184.5)	(74.6)	(108.1)
Net cash flow from financing activities	1,225.1	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the period	39.9	41.7	29.2	8.4
Cash of ITfinity on acquisition	13.2	-	-	-
Cash and cash equivalents at the end of the period....	211.6	39.9	41.70	29.2

Until fiscal 2007, we did not maintain any lines of credit with any financial institutions. Historically, our principal sources of cash have been cash provided by our operations and financing through the issuance of share capital. We expect these sources, together with additional short-term borrowings, to be sufficient to meet our working capital requirements and currently anticipated capital expenditures over the near term. As part of our growth strategy, we continue to review opportunities to make strategic acquisitions or alliances. If our future acquisitions or alliances involve significant cash payments, rather than the issuance of shares, we may need to further borrow from banks or raise additional funds.

Our principal financing requirements include:

- capital expenditures towards expansion of our existing business; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

As of March 31, 2007, we have capital expenditure commitments of Rs. 90.2 million.

Net Cash Provided by Operating Activities

Net cash provided by operating activities was Rs. 348.0 million in fiscal 2007 compared to Rs. 182.7 million in fiscal 2006, Rs. 87.0 million in fiscal 2005 and Rs. 128.9 million in fiscal 2004.

The increase in cash generation from operating activities since fiscal 2004 was primarily attributable to an increase in net revenue.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rs. 1,414.6 million in fiscal 2007 compared to Rs. 184.5 million in fiscal 2006.

In fiscal 2007, we spent Rs. 263.6 million on capital expenditures. The increase in net cash used in investing activities was primarily attributable to Rs. 1,190.8 million on investments in securities. Net cash used in investing activities in fiscal 2006 was primarily attributable to investments of Rs. 169.6 million on capital expenditures. These capital expenditures were incurred primarily for capacity expansion and introduction of new products.

Net Cash Provided by or Used in Financing Activities

In fiscal 2007, net cash provided by financing activities was Rs. 1,225.1 million which consisted of proceeds, net of share issue expenses, from the issuance of additional equity shares to Deutsche Bank, AG, Kings Road Investments (Mauritius) Ltd and Jade Dragon (Mauritius) Ltd.

Prior to fiscal 2007, we did not borrow any cash for our working capital requirements. In fiscal 2007, we borrowed Rs. 30 million and Rs. 10 million for a period of 15 and 10 days, respectively, for working capital purposes. These loans have been repaid.

We have not had, and do not believe that we will have, difficulty in gaining access to short-term and long-term financing to meet our current requirements.

Contractual Obligations

Our principal commitments consist of obligations under operating leases for office space, which represent minimum lease payments for office space. The following table sets out our total future commitments to settle contractual obligations as of March 31, 2007:

	Payments Due by Period			
	Total	Less than 1 year	1-5 years	More than 5 years
	(Rs. in thousands)			
Operating leases	212,852	31,918	172,934	–

Our total future commitments to settle contractual obligations as of March 31, 2007 were Rs. 212.8 million, representing an increase of Rs. 67.5 million compared to our total future commitments to settle future contractual obligations as of March 31, 2006.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements or obligations.

Quantitative and Qualitative Disclosures About Market Risk

Currency Risk

Our exposure to currency risk arises from our foreign currency revenues, receivables and payables. The results of our operations may be affected by fluctuations in the exchange rates between the Australian Dollar, the Singapore Dollar and the U.S. Dollar against the Indian Rupee. We have adopted the Indian Rupee as our reporting currency but we currently transact our business primarily in Indian Rupees and, to a lesser extent, in Australian Dollars, Singapore Dollars and U.S. Dollars. In fiscal 2007 and fiscal 2006, we

derived 2.1% and 0.2%, respectively, of our revenue from our overseas business. Substantially all of such revenue is denominated in Australian Dollars, Singapore Dollars and U.S. Dollars. To the extent the Australian Dollar, the Singapore Dollar or the U.S. Dollar depreciates against the Indian Rupee, the revenue that we report in Indian Rupees will be negatively affected. On the other hand, an appreciation of the Australian Dollar, the Singapore Dollar or the U.S. Dollar against the Indian Rupee would increase our revenue reported in the Indian Rupee.

The following table illustrates the effect of a 10.0% movement in exchange rates between these currencies on our operating income for fiscal 2007.

	<u>For A\$/Rs.</u>		<u>For S\$/Rs.</u>		<u>For US\$/Rs.</u>	
10% movement in currency.....	A\$ 1,791	Rs. 61,969	S\$18	Rs. 518	US\$ 24,483	Rs. 1,086,960

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, accounts receivable from related parties, accounts receivables from others and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counterparties. Our cash equivalents, bank deposits and restricted cash are invested with banks with high investment grade credit ratings. Accounts receivable are typically unsecured and are derived from revenue earned from our customers in the telecommunications industry based primarily in India.

We believe there is no significant risk of loss in the event of non-performance of the counter parties to these consolidated financial instruments, other than the amounts already provided for in our financial statements.

Critical Accounting Policies

The consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”). Indian GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (“ICAI”) and the provisions of the Companies Act, 1956, as amended (the “Companies Act”). The management evaluates all recently issued or revised accounting standards on an ongoing basis.

The preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reliably estimated. When no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from management’s estimates.

Revenue Recognition

Revenue from telecommunication value added services including royalty income, net of customer credits, is recognised on provision of services in terms of revenue-sharing arrangements with the telecom operators. Revenue from sale of user licences for software applications is recognised when the applications are functionally installed at the customer’s location as per the terms of the contracts. Revenue from other services including maintenance services is recognised proportionately over the period during which the services are rendered as per the terms of contract. Yield on investment is recognised on an accrual basis. Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

Depreciation

Depreciation on furniture and fixtures, office equipment, computers and electronic equipment and computer software, is provided using the straight-line method over three years based on the estimated useful or commercial lives of these assets as estimated by the management.

Individual assets with a cost of less than Rs. 5,000 are depreciated in full in the year in which such assets are purchased.

Income Tax

Income tax comprises the current tax provision, net change in deferred tax asset or liability in the year and fringe benefit tax. Provision for current tax is made taking into account the admissible deductions/allowances and is subject to revision based on the taxable income for the fiscal year ending March 31 each year. Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between carrying values of the assets and liabilities and their respective tax bases and are measured using enacted tax rates applicable on the balance sheet date. Deferred tax assets are recognised subject to management's judgement that realisation is virtually certain. The effect of changes in tax rates on deferred tax assets and liabilities is recognised in the income statement in the period of enactment of change.

Recently Issued Accounting Policies

The following are accounting pronouncements issued by the ICAI during the last three fiscal years that have an effect on our financial reporting:

Accounting for Provisions, Contingent Liabilities and Contingent Assets

The ICAI issued Accounting Standard 29 ("AS 29") for Provisions, Contingent Liabilities and Contingent Assets, which prescribes appropriate recognition criteria and measurement bases to be applied for Provisions and Contingent Liabilities. AS 29 requires that an enterprise should disclose sufficient information to enable users to understand their nature, timing and amount. AS 29 came into effect for the fiscal year commencing on April 1, 2004 and became effective for us from that date. We do not believe that the adoption of AS 29 has had a material impact on our financial statements and results of operations.

Accounting for Employee Benefits

a. Defined Contribution Plan

Our contributions paid / payable during the year to employees' provident fund are recognised in the profit and loss account.

b. Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India are determined by actuarial valuation made at the end of each fiscal year. Provision for liabilities pending remittance to the fund is carried in the balance sheet.

Actuarial gain and losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c. Liability for Leave Encashment is provided based on accumulated leave credit outstanding to the employees as on the date of the balance sheet.

Accounting for Employee Stock Option Plans

We have adopted three Employee Stock Option Plans ("ESOP") - OnMobile Employees Stock Option Plan – I 2003, OnMobile Employees Stock Option Plan – II 2003 and OnMobile Employees Stock Option Plan – III 2006.

As we are not yet listed company, we are not governed by SEBI (Employee Stock Option Scheme & Employee Stock Purchase Plan) Guidelines 1999. We have obtained legal opinion that the guidance note on Accounting for Employees Share based payments are not applicable to OnMobile ESOP – I 2003 and II 2003. Options granted under OnMobile Employee Stock Option Plan – III 2006, to which the said guidance

note is applicable, are accounted under intrinsic value method and, accordingly, the difference between the fair value of the underlying shares and the exercise price, if any, is expensed as to profit and loss account over the period of vesting.

Analysis of Certain Changes

Unusual or Infrequent Events or Transactions

Other than as described in this Draft Red Herring Prospectus, there have been no transactions or events which would be considered unusual or infrequent.

Known Trends or Uncertainties

Other than as described in “Risk Factors” and “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages xi and 237, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Significant Economic Changes

There have been no significant economic changes that have materially affected or are likely to affect our income.

Future Relationship Between Cost and Revenue

Other than as described in “Risk Factors” and “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages xi and 237, there are no known factors that might affect the future relationship between cost and revenue.

Increase in Revenues

Reasons for the changes in net revenue during the last four fiscal years are explained in “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 237.

Inflation

In recent years, although India has experienced minor fluctuation in inflation rates, inflation has not had material impact on our business and results of operations.

New Products or Business Segment

Other than as described in this Draft Red Herring Prospectus, we do not have new products or business segments.

Seasonality of Business

There are no material seasonal or cyclical trends in our business.

Competitive conditions

We expect competition in the telecommunications value added services industry from existing and potential competitors to intensify. For more information, please refer to the discussions of our competitive conditions in “Risk Factors” and “Our Business” beginning on pages xi and 87.

Significant Dependence on a Single or Few Suppliers or Customers

Our top five customers contributed approximately 83% of our total unconsolidated revenues of Rs. 476.5 million for the three-months period ended June 30, 2007. For more information, please refer to “— Income — Customer Concentration” on page 238.

Significant Developments Subsequent to June 30, 2007.

To our knowledge, no circumstances other than as disclosed in this Draft Red Herring Prospectus have arisen since June 30, 2007, the date of the last financial statements contained in this Draft Red Herring Prospectus, have arisen which had materially and adversely affected or are likely to affect our trading and profitability or the value of our assets or our ability to pay material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

As on September 7, 2007, the details of our secured borrowings is as follows:

1. Agreement with Kotak Mahindra Bank Limited

We have obtained a sanction letter dated August 7, 2007 whereby Kotak Mahindra Bank has sanctioned various facilities such as term loan, working capital demand loan, cash credit, bank guarantee, letter of credit (inland and foreign) for capex. Pursuant to the sanction letter, our Company entered into a Master Facility Agreement dated August 27, 2007 and a supplemental agreement thereto dated September 5, 2007 for availing working capital demand loan and term loan. Further, a deed of hypothecation dated August 27, 2007 and a supplemental deed of hypothecation dated September 27, 2007 was executed in this regard by our Company in favour of Kotak Mahindra Bank creating first pari passu charge on all the existing and future receivables and movable fixed assets of our Company.

Further our Company vide letter dated September 5, 2007 issued to Kotak Mahindra Bank requested for a draw down of an amount of Rs. 300 million as working capital demand loan repayable in six equal installments payable between 65 to 90 days.

Following are certain key terms and conditions of the facilities granted:

		<i>In Rs. Million</i>
Sanctioned Amount (In Rs. Million)	Amount Outstanding (In Rs. Million)	Material Terms
350*	300	<u>Working Capital demand Loan</u> <ul style="list-style-type: none"> • Rate of interest is fixed at 10.75% • Repayable in six equal instalments between 65 to 90 days • For the purpose of working capital
450	Nil	<u>Term Loan</u> <ul style="list-style-type: none"> • Rate of interest shall be 11.75% per annum floating over the tenure of the facility • Valid up to July 17, 2008 • Company shall not prepay the term loan for the next 12 months. Bank reserves the right to charge prepayment premium of 1% in the event of pre-closure of the term loan after 12 months • For the purpose of purchase of capital equipments, purchase of content (e.g. music rights), intellectual property, internal working capital.
50	50	<u>Cash Credit</u> <ul style="list-style-type: none"> • Rate of interest shall be 11.50% per annum floating over the tenure of the facility • For the purpose of working capital

*The facility is a sub-limit to the term loan facility. The overall exposure of the facilities working capital demand loan, term loan, letter of credit and bank guarantee not to exceed Rs. 450 million subject to specific individual limits.

Other Key terms and conditions:

- Security: First pari passu charge on all the existing and future movable fixed assets and current assets of our Company
- The Bank shall be entitled to vary/change the rate of interest from time to time or method of computation of such rate of interest or to charge an additional or penal rate by sending an intimation to the borrower.
- Amounts unpaid on due date will attract interest at 2% per month compounded monthly.
- Facilities shall be reviewed/renewed on an on-going basis. Borrower shall submit data (as required by the Bank) from time to time.
- Prior intimation to the Bank is necessary in the event the borrower offers escrow of receivables to another Bank.
- Borrower shall ensure comprehensive insurance of fixed assets located in Bangalore and of all equipments located elsewhere whose value is Rs. 10 million or more.
- Quarterly sales statements to be submitted by the 30th of the succeeding month of the quarter giving customerwise break-up of sales.

- Borrower shall intimate the Bank about raising any further loans, availing any facilities against the assets offered as security for facilities of the Bank and at the time of availing any further loans or facilities from any other bank or institution.
- Financials to be provided for the half yearly review of performance.
- Audited financials for each financial year to be provided by 30th September. Default in submission of the same will attract penalty of Rs. 5,000 per month till the audited financials are submitted.
- Quarterly financials in the standard format (as done by listed companies) to be submitted by 30th of the succeeding month of the quarter. Default in submission of the same will attract penalty of Rs. 2,000 in the subsequent month and Rs. 5,000 per month from the next month till the audited financials are submitted.
- Arvind Rao and Chandramouli Janakiraman to continue both in there management capacity and as investors during the tenure of the facility.
- Direct and indirect shareholding of Arvind Rao and Chandramouli Janakiraman not to decrease below 12% during the tenure of the facilities.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, the Promoter Group, members forming part of our Promoter Group and our Subsidiaries and there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by our Company, our Directors, our Promoters, the Promoter Group, members forming part of our Promoter Group and our Subsidiaries, 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 (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company, the Directors, the Promoters, the Promoter Group and the Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoters, the Promoter Group, members forming part of our Promoter Group and our Subsidiaries that would result in a material adverse effect on our consolidated business taken as a whole.

I. Cases filed against our Company

Civil Suit

A civil suit bearing C. S. No. 74 of 2006 has been filed before the High Court of Madras by M/s Marketing Services Private Limited against 20 defendants, including our Company. The applicant has claimed right of providing scores, alerts and updates via SMS technology on the basis of assignment in its favour, dated February 3, 2006 by M/s Vectracom (Pvt) Ltd. to whom Pakistan Cricket Board is submitted to have solely granted such rights by agreement dated December 29, 2005 on a global basis in respect of international matches during the tour of India to Pakistan scheduled in January and February of 2006. The applicant also filed an application bearing O.A. No. 78 of 2006 seeking an order of interim injunction restraining the defendants from disseminating any information relating to scores, alerts and updates or other events in respect of the one-day international cricket matches during India's tour of Pakistan scheduled in February 2006. The court by its order dated February 11, 2006 granted the interim injunction against the defendants on the ground that the applicant has a quasi-property right on SMS rights. Bharti Airtel Limited (formerly called Bharti Televentures Limited) has filed an appeal bearing O.S. Appeal No. 47 of 2006 on February 28, 2006 against the said order. The next date of hearing has not been fixed as yet.

Under the MRTP Act

A notice bearing reference no. DGIR/2006/IP/33 dated September 13, 2006 has been issued by the Assistant Director General of Investigation and Registration, Ministry of Company Affairs, Government of India at New Delhi against our Company for conduct of a preliminary investigation under S.11(1) of the Monopolies and Restrictive Trade Practices Act, 1969 (the "MRTP Act") to look into the genuineness of the claims made in an advertisement relating to the downloading of free ring tones published in the 'Dainik Jagran' newspaper on April 24, 2006. The order has been issued pursuant to a complaint made by Shri M.S.Arya on May 8, 2006 claiming that the impugned advertisement was false, misleading and unfair. Our Company has responded to the said notice by a letter dated September 29, 2006 contending that the said claims are against the operator who provided the mobile services for downloading the said ring tones as the charges deducted against the complainant are in the nature of call charges and that the advertisement in question was issued by Jagran Prakashan Private Limited. Thus, our Company has claimed that it has been wrongly made a party to this investigation. The MRTP authority by notice of enquiry dated February 28, 2007 held our Company along with the mobile operators and Jagran Prakashan Private Limited liable for unfair trade practices flowing from the representations made in the newspapers advertisement. A cease and desist order has been passed by the Assistant Director General in this regard. Our Company filed a response in this regard. The matter is now listed on October 9, 2007 for completion of the pleadings and service to unserved respondents by the Director General.

Consumer Claim

A notice bearing reference no C.D. No. 63 of 2007 dated July 17, 2007 has been issued by the District Consumer Forum, Karimnagar, Andhra Pradesh, pertaining to a complaint filed by Mr. Kande Rajanna S/o. Narsaiah R/o. Qtr STR 301, Centenary Colony, Karimnagar, Andhra Pradesh under the Consumer Protection Act, 1986 against our Company towards a contest conducted by the Company over the Idea telecom network which was allegedly lost by the consumer due to technical snag in our Company's systems leading to the consumer losing the contest. Our Company vide letter dated July 20, 2007 requested the District Consumer Forum, Karimnagar, Andhra Pradesh for copy of the complaint filed by the complainant. The District Consumer Forum forwarded the same to our Company vide letter dated July 28, 2007 and specified the hearing date as August 13, 2007. Our Company responded vide letter dated August 9, 2007 seeking 15 days extension from the scheduled date for responding and appearing for the hearing. The Company is awaiting response from the District Consumer Forum in this regard.

Customs Order

A Show Cause Notice bearing No. VIII/48/289/2007/BACC/GR-5B dated May 25, 2007 was issued to our Company by the Office of the Additional Commissioner of Customs, Air Cargo Complex, Bangalore on the ground that the Company misdeclared the Country of Origin (COD) of Goods in the Bill of Entry No. 417304 dated April 18, 2007 as Singapore whereas as per the invoice the Country of Origin was stated as USA and that the imported goods have been priced lower than similar goods imported by other similar third party importers. Thereafter the Company filed response dated June 1, 2007 and personally appeared before the Additional Commissioner of Customs, Air Cargo Complex, Bangalore stating to the effect that the description and specifications of the goods compared with in the show cause notice were different from the goods imported by our Company. Thereafter the Additional Commissioner of Customs passed Order-in-Original No. 47 of 2007 (ADC) issued on June 13, 2007, wherein it inter alia rejected the declared value of US\$ 1,557 per board (TX 4000/20/4-links/ Full Stack) imported by our Company vide Bill of Entry and determined the value of the said goods at US\$ 4,165.2 (FOB) per board and confiscated 20 'TX4000/20/4-links/Full Stack' boards totally valued at US\$ 83,304 (fob) (Rs.3,657,046 (fob) imported vide above referred Bill of Entry and allowed the owner of the goods to redeem the same on payment of fine of Rs. 500,000. Further, a penalty of Rs.150,000 and Rs. was imposed on our Company under the Customs Act, 1962. Our Company has subsequently filed a stay application and an appeal dated August 6, 2007 with the Commissioner (Appeals), Bangalore challenging the said order.

II. Amounts owed to Small Scale Undertakings

Our Company does not owe any amounts to any small scale undertaking.

III. Cases involving our Directors

Case against Naresh K. Malhotra

A notice of demand was served upon Naresh K. Malhotra on November 20, 2006 by the Mumbai ACIT raising an income tax demand of Rs. 2,875,957 for the assessment year 2004-05. Naresh K. Malhotra filed an appeal against the said order which was accepted on December 15, 2006. An amount of 25% of the demand has been paid by him "under protest". Naresh K. Malhotra is required to pay the balance 75% before September 30, 2007 unless the appeal is disposed off before then. On September 5, 2007 he filed his written submissions. The decision of the Commissioner (Appeals) is awaited.

Except as disclosed above, there are no pending litigations against the Directors involving violation of statutory regulations or alleging criminal offence.

IV. Details of past penalties imposed on our Company or any of the Directors

An application bearing No.177/621A/SRB/2007 dated was filed by our Company before the Company Law Board, Chennai under Section 621A of the Act seeking composition of the offence relating to contravention of Section 297(1) of the Act on the ground that our Company entered into a content agreement on December 20, 2005 with RiffMobile Private Limited for the licensing of content to our Company for a period of one year commencing from September 1, 2005 with automatic renewal for one year upon expiry of the term. However, our Company failed to obtain prior approval of the Central Government as required under Section 297 of the Act. The Company law Board vide order dated August 7, 2007, compounded the

offence by imposing a composition fee of Rs. 15,000 on our Company Rs. 5000 each on D. Srikan, Arvind Rao and Chandramouli Janakiraman.

Except as disclosed above, there have been no instances in the past of any penalties that have been imposed on our Company or our Directors by any statutory authorities.

V. Details of pending proceedings initiated for economic offences against our Company or any of our Directors

There are no pending proceedings initiated for economic offences against our Company or our Directors.

VI. Cases filed by or against our Promoters or individuals and companies forming part of our Promoter Group

There are no pending cases filed by or against our Promoters or individuals and companies forming part of our Promoter Group.

There are no pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the Promoters were associated in the past but are no longer associated.

There are no cases involving any of the Promoters or any of the companies forming part of the Promoter Group which involve a violation of any statutory regulations, criminal offence.

Further, there are no pending proceedings initiated for economic offences against the Promoters or companies promoted by the Promoters.

VII. Details of past penalties imposed on the Promoters or the individuals and companies forming part of the Promoter group

There have been no instances in the past of any penalties that has been imposed on our Promoters or on any company forming part of our Promoter Group by any statutory authorities.

VIII. Cases filed by or against the Subsidiaries

Case against Vox mobili SA

A case brought by Mr Eric MERTZ against Vox mobili SA has been scheduled for hearing before the Court of Appeal of Paris. Mr MERTZ was dismissed on July 17, 2003 for serious fault (violation of the exclusivity clause and disclosure of confidential information). He brought an action before the Industrial Tribunal, challenging the grounds for his dismissal and seeking back pay of € 99 067.33. In its judgement of September 7, 2004, the Industrial Tribunal of Paris dismissed all of the claims brought by Mr MERTZ. Mr MERTZ appealed against this decision and, on April 27, 2006, a strike-out order (*ordonnance de radiation*) was rendered by the Court of Appeal of Paris. This means that Mr MERTZ can reintroduce his claims within the relevant time limits for prescription.

Except as stated above, there are no outstanding litigations, defaults, etc. in respect of the Subsidiaries.

IX. Potential Litigation

A legal notice dated January 18, 2007 has been issued on behalf of Ringing Tone Technologies Private Limited, Chennai (“**Ringing Tone**”) against our Company claiming that Ringing Tone is the patent holder for the invention titled as “Telephone Ring Back and Message Annunciator” under patent no.184915 dated October 19, 1994 as per the records of the Patent Office, Chennai. Ringing Tone has alleged that implementation of the Telephone Ring Back and Message Annunciator project in accordance with the agreement entered into between our Company and BSNL would amount to infringement of rights of Ringing Tone in relation to the said patent. Our Company has therefore been asked to refrain from implementing the said project. Our Company has responded to the said notice by letter dated January 29, 2007 contending that our Company is unable to determine the functionalities of Ringing Tone’s product and has sought clarifications from Ringing Tone as to the specific product or application of our Company which has infringed claimant’s patented product.

X. Notice received

Our Board of Directors, as well as the board of directors of OMSI received emails dated August 24, 2007 from Infosys conveying their opposition to the proposed Issue of the Company, wherein they have sought to reserve all right in law and in equity to oppose any action of OMSI and/or the Company which it determines, in its sole and absolute discretion, to be prejudicial to their interests as a stockholder in OMSI.

In response to the aforesaid email, the board of directors of OMSI have sent a letter dated September 13, 2007 to the board of directors of Infosys stating that the directors of OMSI have worked together with our Company and professional legal, tax, accounting and investment advisors and experts both in the US and India and have considered various mechanisms to provide liquidity to its shareholders and to allow its shareholders to capitalize on the value of OMSI's shareholding in our Company. The letter further states that after careful consideration, the board of directors of OMSI determined that the restructuring originally proposed should not go forward based on the advice it received and based on what it determined to be in the best interests of OMSI and its shareholders, and that the OMSI board of directors elected to proceed with the listing of the Company and to open the restructuring at the earliest possible date following the listing of the Company.

The letter further states that Infosys holds less than 10% of the outstanding shares of OMSI and has less than 1% of the voting shares of OMSI, and that the fiduciary responsibility of the board of directors of OMSI is to exercise its business judgment to determine what is in the best interest of OMSI and its shareholders as a whole. The letter also states that OMSI has offered to buy Infosys's shares in OMSI at the fair market value.

The letter also states that OMSI is considering appointing a merchant banker to resolve the liquidity issues raised by Infosys in a timely manner. The letter further requests Infosys to withdraw its email dated August 24, 2007 and the objections stated therein so that the Issue can proceed in a manner beneficial to all the shareholders of OMSI.

XI. Material Developments

Our Company has made a bonus issue of shares pursuant to the resolution passed by the shareholders of our Company at the meeting held on August 17, 2007. For further details see "Capital Structure". Further, we have acquired Vox mobili SA on September 10, 2007. For further details see "Our Business" and "History and Certain Corporate Matters" on page 87 and 110.

Except as stated above, 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 237.

GOVERNMENT APPROVALS

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. Approval from the National Stock Exchange dated [•]
2. Approval from the Bombay Stock Exchange dated [•]

Approvals for the Business

A. Approvals from the Reserve Bank of India, the Department of Industrial Policy and Promotion and Foreign Investment Promotion Board

1. Letter bearing reference number EC.BG.(FID)No.4718/21.05.419/2000-01 dated November 24, 2000 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the issue of 244,585 equity shares on repatriation basis to OnMobile Systems, Inc. (formely called Onscan Inc.) and allotting registration number FC2000BGR0065 to take on record the said investment.
2. Letter bearing reference number EC.BG.(FID)No.5401/21.05.419/2000-2001 dated December 13, 2000 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the issue of 322,553 equity shares to OnMobile Systems, Inc. (formely called Onscan Inc.) under registration number FC2000BGR0065.
3. Letter bearing reference number EC.BG.NO.(FID)No.845/21.05.419/2000-2001 dated February 3, 2001 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the issue of 432,842 equity shares and 239,211 preference shares to OnMobile Systems, Inc. (formely called Onscan Inc.) under registration number FC2000BGR0065.
4. Letter bearing reference number EC.BG.(FID)No.7093/21.05.419/2000-2001 dated February 19, 2001 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the issue of 390,921 preference shares to OnMobile Systems, Inc. (formely called Onscan Inc.) under registration number FC2000BGR006.
5. Letter bearing reference number EC.BG.(FID)No.168/21.05.419/2001-02 dated July 3, 2001 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the issue of 631,347 preference shares of Rs.10 each to OnMobile Systems, Inc. under changed registration number FC2000BG5065.
6. Letter bearing reference number EC.BG.FID.191/21.06.01/2001-02 dated September 12, 2001 from the Deputy General Manager, Reserve Bank of India, Exchange Control Department, approving the allotment of 25,710, 0% convertible non-cumulative preference shares to OnMobile Systems, Inc. under registration number FC2000BGR0065.
7. Letter bearing reference number FC.II. :121(2003)/150(2003) dated June 3, 2003 from the Under Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs, FIPB Unit (FC II Section), approving the foreign collaboration of the Company with OnMobile Systems, Inc. by way of foreign equity participation of 99.99% in the paid up capital of the Company.
8. Letter bearing reference number FC.II. : 178(2007)/208(2007) dated September 5, 2007 issued by the Government of India, Ministry of Finance, Department of Economic Affairs, FIPB Unit approving issue of 32,594 Equity Shares each to Nicolas Frattaroli and Eric Vieillevigne by way of share swap for acquisition of 100% paid up equity share capital of Vox mobili SA.

B. Company Specific Approvals

1. Certificate of incorporation for our Company, issued by the Registrar of Companies at Bangalore, bearing certificate number 08/27850 of 2000, certifying that Onscan Technologies India Private Limited is incorporated under the Companies Act, 1956 as a private limited company on September 27, 2000.
2. Letter bearing reference number STA/IV/27860/CN/21/2001 dated April 10, 2001 issued by the Registrar of Companies, Karnataka, Bangalore, approving the change of name of the Company from Onscan Technologies India Private Limited to OnMobile Asia Pacific Private Limited.
3. Fresh certificate of incorporation dated April 10, 2001 issued by the Registrar of Companies Karnataka, Bangalore consequent upon change of name from Onscan Technologies India Private Limited to OnMobile Asia Pacific Private Limited.
4. Fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated August 21, 2007, issued by Registrar of Companies, Karnataka, certifying that OnMobile Asia Pacific Private Limited has changed to OnMobile Asia Pacific Limited by passing the necessary resolution under the provisions of the Companies Act, 1956.
5. Corporate Identity Number U64202KA2000PTC027860 issued to our Company by the Ministry of Company Affairs, Government of India. The Corporate Identity Number was changed to U64202KA2000PLC027860 by the Registrar of Companies on August 21, 2007 pursuant to the change in the status of the Company from a private limited to a public limited company.

C. Premises Specific Approvals

Bangalore Office

(i) STPI Related Approvals

1. Approval bearing reference number EIG/ONSCAN/UNIT-II/GEN/14856 dated December 26, 2000 issued by Director, STPI, Bangalore permitting our Company to set up a 100% software export oriented unit under the STPI scheme of the Government of India for the purpose of manufacture and development of computer software, with the STP operational address being B-6, Phase 3, No.44, KEONICS Electronics City, Hosur Road, Bangalore 561 229.

The said STPI facility was expanded to the second floor of our Company's premises at No.26, Bannerghatta Road, JP Nagar 3rd phase, Bangalore 560 078 by letter bearing reference number STPB/Expan/14092005/610/22952 dated September 14, 2005, issued by the Director, STPI, Bangalore. STPI facility was further expanded to the ground floor of our Company's premises at No.26, Bannerghatta Road, JP Nagar 3rd phase, Bangalore 560 078 by letter bearing reference number STPB/Expan/19102006/1186/3811 dated October 19, 2006. The approval has been extended till March 31, 2008 by letter dated June 18, 2007 bearing reference number EIG/ONSCAN/GEN/13620.

2. Letter bearing serial number 4440 dated May 22, 2003 issued by the Additional Director, STPI enclosing Green Card number MIT/STPIB/2003-2004/4440, valid till December 25, 2005. The Green Card has been issued for development of computer software for export purpose. The Green Card has been renewed till March 31, 2011 by letter bearing reference number EIG/ONMOBILE/GC/20492 dated August 1, 2006 issued by the Additional Director, STPI.
3. Letter bearing reference number EIG/ONMOBILE/GEN/2326 dated April 28, 2003 issued by the Director, STPI, stating that the STPI office has no objection to the STP operational address of the Company being changed to Pavithra Complex, No.1, 27th Main, 2nd Cross, 1st Stage, B.T.M. Layout, 560 068.
4. Letter bearing reference no.STPB/SHIFTING/26062007/008/15533 dated June 27, 2007 issued by the Director, STPI, stating that the STPI office has no objection in shifting of the bonded capital goods from Pavithra Complex, No.1, 27th Main, 2nd Cross, 1st Stage, B.T.M. Layout, 560 068 to No.26, Bannerghatta Road, JP Nagar 3rd phase, Bangalore 560 078.

5. Letter bearing reference number STPIB/ONSCAN/GEN/2117 dated May 3, 2001, issued by the Director, STPI, Bangalore, stating that the STPI office has no objection to the change of name from Onscan Technologies India Private Limited to OnMobile Asia Pacific Private Limited.

(ii) *Approvals for Private Bonded Warehouse and Inbond Manufacturing Sanctions*

6. License bearing reference number C.No.VIII/40/12/2003 EOU-I dated May 14, 2003 by the Deputy Commissioner of Customs, Bangalore, granting our Company's premises at N0.1003-1004, Prestige meridian, M.G.Road, Bangalore 560 001 and No.1, "Pavithra Complex", 1st and 2nd floor, 27th Main, B.T.M. 1st stage, Bangalore 560 065 inbond manufacturing order and status as a private bonded warehouse by Inbond Manufacturing Sanction Order No.62/2003.
7. Letter bearing reference number C.No.VIII/40/12/2003 EOU-I dated November 4, 2006 issued by the Assistant Commissioner of Customs, Customs Division, Bangalore approving the bonding of additional premises of the Company at the ground floor, 26, Bannerghatta Road, JP Nagar 3rd Phase, Bangalore 560 076. The approval is valid till March 31, 2007. The terms and conditions of the original Inbond Manufacturing Sanction Order have been made applicable to these additional bonded premises. STPI by letter dated June 18, 2007 bearing reference number EIG/ONSCAN/GEN/13620 has given a "No Objection" to renew the licence upto March 31, 2008.

(iii) *Miscellaneous Approvals*

8. Certificate dated January 8, 2001 issued by the Foreign Trade Development Officer, Ministry of Commerce, Government of India providing our Company with its Importer – Exporter Code (IEC). The allotted IEC Number is 0700013954.

D. Labour Law Registrations

Bangalore office

1. Registration certificate of establishment dated August 20, 2003 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing registration number 65/VASAM/0173/2003. The certificate has been revised with registration number 57/VASAM/1039/2007 certifying that our Registered Office has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment employing 38 persons. The registration is valid till December 31, 2007.
2. Registration certificate of establishment dated July 11, 2007 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing registration number 57/VASAM/1029/2007 for registration under the Karnataka Shops and Commercial Establishments Act, 1961, for office of our Company at 35 B, I Main Road, J.P. Nagar, Bangalore 560076 certifying that the said office has been registered as a commercial establishment employing 180 persons. The registration is valid till December 31, 2011.
3. Registration under the Employees Provident Fund Organisation, bearing reference number KN/BN/PF/Bnf/CR-II/BD-2/1618/2000-01, issued on February 12, 2001, effective January 1, 2001, has been obtained by us. Code number KN/25011 has been allotted to the Company for the purpose of complying with the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
4. Certificate of registration bearing reference number ALC-2/CLA/P-6/07-08 dated April 17, 2007 issued by the Assistant Labour Commissioner and Registering Officer, Bangalore Division 2, Department of Labour, under the Contract Labour (Regulation and Abolition) Act, 1970, granted to our Registered Office for employing a maximum of 36 contractors on any given day.

Mumbai Office

5. Registration certificate of establishment dated June 21, 2007 issued by the Office of the Inspector under the Bombay Shops and Establishments Act, 1948 bearing registration number 760012290

for the office at 505/506, Acropolis, Military Road, Marol, Andheri E, Mumbai 400059. The certificate is valid till December 31, 2007.

6. Registration certificate of establishment dated June 22, 2007 issued by the Office of the Inspector, Bombay Shops and Establishments Act, 1948 bearing registration number 760012427 certifying that our office at 10th Floor, Dalma House, Nariman Point, Mumbai 400 021 has been registered as a commercial establishment employing 5 persons. The registration is valid till December 31, 2007.

E. Taxation related Approvals and Licenses

Bangalore office

1. Certificate of Provisional Registration for the payment of Value Added Tax dated March 26, 2003 issued by the Assistant Commissioner of Commercial Taxes, Bangalore and allocating Tax Identification Number 29250025628 certifying that our Company is registered as a dealer under the Karnataka Value Added Tax Act, 2003.
2. Karnataka Sales Tax Certificate dated November 11, 2000, effective from October 31, 2000, bearing registration No.01945087 registering our Company for the purpose of payment of sales tax at Bangalore.
3. Certificate of registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 dated October 31, 2000 evidencing the registration of our Company with a principal place of business located at Prestige Meridian, No.2, M.G.Road, Bangalore as dealers under the said enactment and the grant of CST No. 01995080 to us.
4. Letter bearing reference number NO.DCIT(COMP/TAN/2000-2001) dated October 13, 2000 issued by the Deputy Commissioner of Income Tax, allotting Tax Deduction Account Number 0-0351-B(S)/BGL to our Company.
5. Permanent Account Number card issued by the Chief Commissioner of Income Tax, Karnataka and Goa, allotting PAN AAAC03900E to our Company.
6. Certificate bearing registration number 2304765-3 dated November 29, 2000 issued by the Profession Tax Officer, Government of Karnataka under the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, registering our Company as an employer under this statute and requiring our Company to pay tax annually.
7. Certificate of registration bearing reference number C.No.IV/16/456/2001 dated February 22, 2002, issued by the Service Tax Commissionerate, Bangalore, allotting Service Tax Code number AAACO3900E ST 001 to our Company for the purposes of payment of service tax.

F. Registration of Foreign Subsidiaries

1. Certificate of Registration dated March 9, 2005 from the Chairman, Australian Securities and Investments Commission, Australia certifying that our Company is registered under the Corporations Act, 2001, as having established a subsidiary in Western Australia named OnMobile Australia Pty Limited allotting company number 113301938.
2. Certificate of Registration dated October 11, 2004 from the Senior Assistant Registrar, Accounting and Corporate Regulatory Authority, Singapore certifying that our Company is registered under the Companies Act, Cap.50, as having established a subsidiary in Singapore named OnMobile Singapore Pte Limited with effect from October 8, 2004 and allotting company number 200412961C.
3. Foreign Investment Approval Letter no.71/I/PMA/2007, Project Code No. 7414-31-20361 dated January 17, 2007, issued by the Investment Coordinating Board, Indonesia to under which the Company's application dated January 11, 2007 for setting up a subsidiary company in Indonesia has been approved by the Indonesian Government based on Law no.1 of year 1967 on Foreign

Investment No.11 year 1970. This approval also serves as a temporary license until the Company obtains permanent license for operation of the subsidiary in Indonesia.

4. Nomor Pokok Wajib Pajak (NPWP) (Tax Identification) No. 02.624.346.9-058.000 dated March 14, 2007 has been issued by Departemen Keuangan Republik Indonesia to PT OnMobile Indonesia.
5. Approval Nomor: W7-09318 HT.01.01-TH.2007 dated August 23, 2007 has been issued by Ministry of Justice, Republik Indonesia pursuant to which the status of PT OnMobile Indonesia changed to a limited liability company.

G. Registration of Foreign Branch

1. Certificate of registration of a foreign company dated June 20, 2007 bearing Australian registered body number 126060651 has been granted to our Company by the Australian Securities and Investments Commission certifying that our Company has been registered as a foreign company under the Corporations Act 2001.
2. Certificate No. BOI/R&I-1/Branch/2252(56)/07/1171 dated May 20, 2007 has been issued by Board of Investment, Chief Advisor's Office, Bangladesh to our Company granting permission for opening of branch office in Dhaka, Bangladesh for a period of three years with effect from March 31, 2007.

H. Company Law Board Approval

Approval bearing F.No. 2/B-9944/07 and SRN No. A-13476353 /17.04.07 dated August 1, 2007 granted by Ministry of Corporate Affairs, Government of India to our Company under Section 297(1) of the Act for entering into contract with RiffMobile Private Limited for the licensing of content to our Company for a period of one year from April 21, 2007 to April 20, 2008.

I. Pending Approvals

We have sought RBI approval by letter dated September 10, 2007 for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue to residents.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated July 12, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the AGM of the shareholders of our Company held on August 17, 2007.

The board of directors of the Selling Shareholder by way of the resolution dated August 1, 2001 have authorised transfer of Equity Shares pursuant to the Offer for Sale.

Prohibition by SEBI

Our Company, the Selling Shareholder, our Directors, our Promoters, our Subsidiaries, our Promoter Group companies, associates of our Promoter Group companies and other companies promoted by our Promoter and companies with which our Company's Directors are associated as directors 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.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under Clause 2.2.1 of the SEBI Guidelines states as follows:

"2.2.1 (An unlisted company may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

(a) The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

(c) The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);

(d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and

(e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)"

According to the certificate issued by Deloitte Haskins & Sells dated August 28, 2007, the Auditors have certified that:

- The Company has net tangible assets of at least Rs. 3 Crores in each of the three financial years ended on March 31, 2005, 2006 and 2007 and not more than 50% of such net tangible assets are held in monetary assets comprising of cash & bank balances.

- The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, during the three financial years ended on March 31, 2005, 2006 and 2007.
- The Company has a net worth of at least Rs. 1 Crore in each of the three financial years ended on March 31, 2005, 2006 and 2007.

The distributable profits of the Company as per Section 205 of the Companies Act, 1956, and its net worth for the last five financial years/period ended on December 31, 2002; March 31, 2004, 2005, 2006 and 2007, as per the restated financial statements of the Company are as under:

(Rs. in Million)

Particulars	Year ended 31/12/2002	15 months ended 31/03/2004	Year ended 31/03/2005	Year ended 31/03/2006	Year ended 31/03/2007
Distributable Profits	--	34.97	141.39	248.57	330.37
Net Worth	14.65	57.85	199.25	447.85	2,021.90
Net Tangible Assets	22.20	96.31	373.78	798.57	2,706.66
Monetary Assets	8.44	29.25	41.23	35.70	197.37
Monetary Assets as a % of Net Tangible Assets	38%	30%	11%	4%	7%

Notes:

1. Distributable Profits are as per Section 205 of the Companies Act, 1956;
2. Net Worth is the aggregate of the equity share capital and reserves, excluding miscellaneous reserves, if any;
3. Net Tangible Assets is the sum of all net assets of the Company, excluding intangible assets as defined under Accounting Standard 26 issued by the Institute of Chartered Accountants of India;
4. Monetary Assets comprise cash and bank balances.

Disclaimer Clause

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 TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED AND ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 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 ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 14, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- (i) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE 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;
- (iii) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
- (iv) WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- (v) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

The filing of the Draft Red Herring Prospectus does not, however, absolve the company and the selling shareholder 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 Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus."

The Book Running Lead Managers, the Selling Shareholder, and our Company accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka at Bangalore, in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company, the Selling Shareholder, BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines

and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

Our Company, the Selling Shareholder, our Directors 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.onmobile.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 MOU entered into between the BRLMs, our Company and the Selling Shareholder and the Underwriting Agreement to be entered into between the Underwriters, our Company and the Selling Shareholder.

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 centers or elsewhere.

Neither our Company, nor the Selling Shareholder nor the BRLMs are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this 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 Bangalore, 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 submitted to SEBI. 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 under the U.S. 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 U.S. Securities

Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the U.S. Securities Act in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. 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.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

Each purchaser acquiring the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Draft Red Herring Prospectus and such other information, as it deems necessary to make an informed investment decision and that:

- (1) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;
- (2) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time the buy order for the Equity Shares was originated and continues to be located outside the United States and has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;
- (3) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from the Company or an affiliate thereof in the initial distribution of the Equity Shares;
- (4) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S under the U.S. Securities Act, or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), or any transaction exempt from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (5) the purchaser is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act; and
- (6) the purchaser acknowledges that the Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each purchaser acquiring the Equity Shares within the United States pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have

represented and agreed that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act), (ii) is aware that the sale to it is being made in a transaction not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;
- (4) the purchaser is aware that the Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S under the U.S. Securities Act, or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), or any transaction exempt from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (6) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Equity Shares;
- (7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- (8) the Company shall not recognise any offer, sale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions; and
- (9) the purchaser acknowledges that the Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State) who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter and the Company that:

- (1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (2) in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the

Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has 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.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has 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.

Filing

A copy of this Draft Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

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, 'E' wing, 2nd floor, Kendriya Sadana, Koramangala, Bangalore 560034, Karnataka, India.

Listing

Applications have been made to the BSE and NSE 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, our Company and the Selling Shareholder 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 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 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 Selling Shareholder, the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company, the Bankers to the Issue; and (b) the Book Running Lead Managers, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would 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 confirmation that such consents have not been 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 Guidelines, Deloitte Haskins & Sells, Chartered Accountants, the Company’s Auditors and Caprogec Audit SA, auditors of Vox mobili SA have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

As the offered Equity shares have not been and will not be registered under the U.S. Securities Act, Deloitte Haskins & Sells has not issued and the Company has not filed consent under the U.S. Securities Act.

CRISIL Limited, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

Except the report of CRISIL Limited in respect of the IPO grading of this Issue that will be annexed with the Red Herring Prospectus and except as stated in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

Activity	<i>(Rs. in million)</i>		
	Expenses * (Rs. in million)	% of Issue size *	% of Issue Expense *
Lead management fee and underwriting commissions	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Registrars fee, legal fee, IPO Grading fee etc.)	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]

* Will be incorporated after finalisation of the Issue Price

The Issue expenses, except the listing fee, shall be shared between our Company and the Selling Shareholder in the proportion to the number of shares sold to the public as part of the Issue. The listing fees will be paid by our Company.

Fees Payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers (including underwriting commission and selling commission) will be as stated in the engagement letters with the BRLMs both dated February 6, 2007, a copy of each of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable 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 per the Memorandum of Understanding dated August 10, 2007 signed with our Company, a copy of which is available for inspection at our Registered Office.

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 it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Previous issues of shares otherwise than for Cash

Except as stated in "Capital Structure" on page 50 and "History and Corporate Matters" on page 110, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

There has been no public issue in the past of our Company's Equity Shares. Thus, 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 the Equity Shares since our Company's inception.

Companies under the Same Management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act.

Promise v/s performance

Our Company nor any Promoter, Promoter Group or associate companies have made any previous public or rights issues.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds.

Stock Market Data of our Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in "Objects of the Issue" on page 63, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding 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 one year from the last date of dispatch of letters of allotment, demat credit, 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, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

We have appointed Srikiran D., our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Srikiran D.
26, Bannerghatta Road
J.P.Nagar 3rd Phase
Bangalore 560 076
Tel: (91 80) 4180 2500
Fax: (91 80) 4180 2810
Email: investors@onmobile.com

Changes in Auditors

There have been no changes of the auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in “Capital Structure” on page 50.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, and except for the termination benefits provided to Arvind Rao in his employment contract, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation. For details see “Our Management” at page 121.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, 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 laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the GoI, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated July 12, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the AGM of the shareholders of our Company held on August 17, 2007.

The board of directors of the Selling Shareholder by way of the resolution dated September 7, 2007 have authorised transfer of Equity Shares pursuant to the Offer for Sale.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. 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 the Company after the date of Allotment.

Mode of Payment of Dividend

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.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer to “Main Provisions of Our Articles of Association” on page 306.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised 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 Share subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Bangalore, Karnataka, India.

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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

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 the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

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

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company and the Selling Shareholder. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

The requirement for minimum subscription is not applicable to the Offer for Sale.

In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

Further, if at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

The Equity Shares have not been and will not be registered under the U.S. 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 U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the U.S. Securities Act in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. 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.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal 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 provided in our Articles. See “Main Provisions of our Articles of Association” on page 306.

Withdrawal of the Issue

The Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply only for after Allotment, and (ii) the final ROC approval of the Prospectus after it is filed with the Stock Exchanges.

ISSUE STRUCTURE

The present Issue of 10,900,545 Equity Shares comprising a Fresh Issue of 8,613,356 Equity Shares and an Offer for Sale of 2,287,189 Equity Shares by OMSI at a price of Rs. [●] for cash aggregating Rs. [●] million, is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 6,540,327 Equity Shares	Not less than 1,090,055 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 3,270,164 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for allotment/allocation	At least 60% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of Issue 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) 327,016 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 6,213,311 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.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLM.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLM.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLM.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

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

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

Withdrawal of the Issue

The Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply only for after Allotment, and (ii) the final ROC approval of the Prospectus after it is filed with the Stock Exchanges.

Bidding/ Issue Programme

BID/ISSUE OPENS ON	[●], 2007
BID/ISSUE CLOSES ON	[●], 2007

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m and 1.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. 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 public offerings, 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 under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

Our Company and the Selling Shareholder reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs.

ISSUE PROCEDURE

Book Building Procedure

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

Bidders are required to submit their Bids through the BRLMs. In case of QIB Bidders, our Company and the Selling Shareholder 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, Retail Individual Bidders, our Company and the Selling Shareholder would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a BRLM for the purpose of making a Bid in terms of this Draft 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 BRLM, 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
Indian public, Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue

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;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs

other than Eligible NRIs are not eligible to participate in this Issue;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- 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;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations.

However, associates and affiliates of the Book Running Lead Managers and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. Our Company, the Selling Shareholder 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.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 327,016 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

1. Bid cum Application Forms have been made available for Eligible NRIs at the Registered Office and the BRLMs of the Registrar to the Issue.
2. Eligible NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

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 574,061,390 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by 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 Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign ventor capital investors registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Information for the Bidders:

- (a) Our Company and the Selling Shareholder will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (b) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Kannada). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX – A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005.

- (c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (d) Any investor (who is eligible to invest in 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 BRLMs and should approach any of the BRLMs or their authorised agent(s) to register their Bids.
- (e) The BRLMs shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a BRLM. A Bid cum Application Form, which does not bear the stamp of a BRLM, will be rejected.
- (g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Kannada newspaper, and also by indicating the change on the websites of the BRLMs.
- (h) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of [●] Equity Shares.
- (i) Our Company and the Selling Shareholder in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
- (j) Our Company and the Selling Shareholder in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

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 Price 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 Price does not exceed Rs. 100,000. In case the Bid Price 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.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** 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. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin 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 law or regulation or as specified in this Draft Red Herring Prospectus.

Method and Process of Bidding

- (a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page 283) 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 Price, will become automatically invalid.
- (b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any Member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 283.
- (c) 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 a Bid cum Application Form.
- (d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
- (e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 290.

Bids at Different Price Levels and Revision of Bids

- (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 Bidders can bid at any price within the Price Band, in multiples of Rs. [●].
- (b) In accordance with SEBI Guidelines, the Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The Company and the Selling Shareholders, in consultation with the BRLMs, can finalise the Issue Price without prior approval of, or intimation to, the Bidders. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) 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. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for bidding by QIBs and Non-Institutional Bidders in excess of Rs. 100,000, and such Bids shall be rejected.

- (d) 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 shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price 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 Escrow Account.
- (e) 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 higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders if such Bidder wants to continue to bid at Cut-off Price), with the BRLM to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders 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 higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (f) 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.
- (g) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (h) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (i) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (j) The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Member of the Syndicate through whom he or she had placed the original Bid.
- (k) 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.
- (l) 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, the BRLMs and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (m) 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.**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (White colour for Resident Indians, Blue colour for Eligible NRIs and FIIs applying on a repatriation basis).
- (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, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price 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.
- (e) Eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
- (f) Bids by Non Residents, Eligible NRIs, FVCIs, FIIs etc. 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.
- (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.

The Equity Shares have not been and will not be registered under the U.S. 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 U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the U.S. Securities Act in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. 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).

- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding /Issue Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the investor.
 - Investor Category – Individual, Corporate, FII, Eligible NRI, Mutual Fund etc.
 - Numbers of Equity Shares bid for.
 - Bid price.
 - 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.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotted either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, the BRLMs and/or their affiliates have the right to accept the bid or reject the Bids. 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 on page 292.
- (h) The permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- (j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;

- b) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour) as the case may be;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Where Bid(s) is/are for Rs. 50,000/- or more, each of the Bidders, should mention their PAN allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned “Applied for” or “Not Applicable”, in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- i) 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 price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (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 Price in cash, by money order or 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 for bid amount in excess of Rs. 100,000);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

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.

Bidder's Depository Account and 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 nor the Company or the Selling Shareholder or the Registrar or the Escrow Collection Banks 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

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.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Selling Shareholder, nor the Registrar, 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 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 and the Selling Shareholder in their 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/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

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 employees, Eligible NRIs and FIIs, and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

- a. 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 and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
- b. In case of Bids made pursuant to a power of attorney by FIIs, 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 and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
- c. 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 and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.
- d. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
- e. In the case of Bids made by Mutual Funds, Venture Capital Funds registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case e, without assigning any reason therefor.
- f. Our Company and the Selling Shareholder in their 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, the Selling Shareholder and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company, the Selling Shareholder and the members of the Syndicate shall open Escrow Accounts with one or more 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 in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with 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. Payments of refund to the Bidders shall also be made from the Refund Account as

per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

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. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled “Terms of Payment and Payments into the Escrow Account” on page 290) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under “Issue Structure” on page 276. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/Allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of resident QIB Bidders: “Escrow Account– OnMobile Public Issue – QIB – R”
 - In case of Non Resident QIB Bidders: “Escrow Account– OnMobile Public Issue – QIB – NR”
 - In case of Resident Retail and Non-Institutional Bidders: “Escrow Account– OnMobile Public Issue – R”
 - In case of Non Resident Retail and Non-Institutional Bidders: “Escrow Account– OnMobile 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.
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 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. 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.
8. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/money orders/ postal orders will not be accepted.
9. 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.
10. 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

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

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 this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. Applications with common DP ID/ beneficiary ID are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post Allotment and released on confirmation of KYC norms by the depositories.

The Company reserves the right to reject at their absolute discretion, all or any multiple bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

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.

GROUND FOR REJECTIONS

In case of QIB Bidders, our Company and the Selling Shareholder, in consultation with the BRLMs have the right to reject the 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.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;

- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders bidding in excess of Rs. 100,000;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined on page 291;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application Forms do not reach the Registrar prior to the finalisation of the basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by Non-residents such as OCBs;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act or other than in reliance on Regulation S under the U.S. Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
- Bids not uploaded in the Book would be rejected; and
- Bids or revision thereof by QIB Bidders and Non – Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 5.00 p.m. or any such time as prescribed by Stock Exchange on the Bid / Issue closing Date.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company and the Selling Shareholder.
- (b) The Company and the Selling Shareholder in consultation with the BRLMs shall finalise the "Issue Price".
- (c) The allocation to QIBs will be atleast 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.
- (d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company and the Selling Shareholder in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 327,016 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 and the Selling Shareholder in consultation with the BRLMs.
- (e) Allocation to Eligible NRIs, FVCIs, FIIs etc. applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI, while granting permission for Allotment of Equity Shares to them in this Issue.
- (f) Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to cancel the Fresh Issue any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever. The Selling Shareholder reserves the right to cancel the Offer for Sale any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever.
- (h) The allotment details shall be put on the website of the Registrar to the Issue.
- (i) The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIB Bidders by any member of the Syndicate. Rejection of Bids by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting such Bid shall be provided to such Bidding in writing.
- (j) Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the Selling Shareholder and the BRLMs 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 Company and the Selling Shareholder would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) Our Company and the Selling Shareholder will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.
- (d) Our Company and the Selling Shareholder will issue an advertisement after the filing of the Prospectus with the RoC in three widely circulated newspapers (one each in English, Hindi and Kannada). 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 may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLMs and/or their affiliates would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The Issuance of CAN is subject to “Allotment Reconciliation and Revised CANs” as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to [●], 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 physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. 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. It is not necessary that a revised CAN will be sent. 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 Allotment 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) The 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 to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders' depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.
- (b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per 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.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- 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.
- If the aggregate demand in this category is less than or equal to 3,270,164 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 3,270,164 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

- 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.
- 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.
- If the aggregate demand in this category is less than or equal to 1,090,055 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 1,090,055 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 up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

- (iii) Equity Shares remaining unsubscribed, if any, and 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 of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for 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 Allotment to QIB Bidders shall not be less than 6,540,327 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	6	114	51.64

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “Issue Structure” on page 276.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 million shares in QIB category.
3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million Equity Shares (including 5 MF applicants who applied for 200 million Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 114 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494
 - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise 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 finalised 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 categorised 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:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be 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 REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the 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 refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by Registrar from the depository participants.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant’s bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto 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.

Letters of Allotment or Refund Orders

The Company and the Selling Shareholder shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of Allotment. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company and the Selling Shareholder further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

Our Company and the Selling Shareholder 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/ 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 and the Selling Shareholder 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 Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company and the Selling Shareholder further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised 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 and the Selling Shareholder shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-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 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY AND THE SELLING SHAREHOLDER

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by the Company and the Selling Shareholder expeditiously;
- 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 funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the Non-resident Indians shall be despatched within specified time;
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- that the Selling Shareholder shall not have recourse to the proceed of the Issue until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Selling Shareholder undertakes that:

- The Equity Shares being sold pursuant to the offer to the public, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- The funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- That the complaints received in respect of this Issue shall be attended to by the Selling Shareholder expeditiously and satisfactorily. The Selling Shareholder has authorised the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors; and
- That the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time.
- That the Selling Shareholders shall not have recourse to the proceed of the Issue until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received; and

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of proceeds of Issue

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

EQUITY SHARES IN DEMATERIALIZED 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 the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated [●] with NSDL, the Company and the Registrar to the Issue.
- b) Agreement dated [●] with CDSL, the 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. All 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 the 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 Allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subscription by foreign investors

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, by 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 FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, (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.

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters, the Selling Shareholder and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters, the Selling Shareholder and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

There is no reservation for Non Residents, Eligible NRIs, FIIs, FVCIs, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, Eligible NRIs, FIIs and FVCIs, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. 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 U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the U.S. Securities Act in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. 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, the Selling Shareholder 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.

We have sought RBI approval by letter dated September 10, 2007 for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue to residents.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company are detailed below:

2. Authorised Share Capital

The authorised share capital of the Company shall be such amount as is given, in Clause V of the Memorandum of Association.

3. 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 forgoing, 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.

4. 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.

5. 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 therein contained 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

6. 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 Companies Act 1956. 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.

7. *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 authorised by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

8. *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:

- (a) 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
- (b) 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.

9. *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.

10. *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.

11. *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 authorising such issue shall prescribe the manner, terms and conditions of such redemption.

12. *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, either out of unissued capital or out of increased share capital, then
 - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company in proportion as near as circumstances admit, to the capital paid up on those share at that date.

- b) Such offer 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 them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, Provided That the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After 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 and to such person(s) as they may think, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) thereof the further shares aforesaid may be offered to any persons {whether or not those persons include the persons referred to in clause (a) 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 authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or 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 (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (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
- (i) 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.

13. *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.

14. *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.

15. *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.

16. *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.

17. *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.

SHARE CERTIFICATES

18. a) *Every Member entitled to certificate for his shares:*

- (i) 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.
- (ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than the Managing.
- (iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

b) *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.

c) *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.

d) *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 Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act. or rules applicable in this behalf.

The provision of these Articles shall mutatis mutandis apply to debentures of the Company.

e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause(d) 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.

f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is 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 (c), (d), (e) and (f) 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.

g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

19. *Rules to issue share certificates:*

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. The Company shall keep ready share certificates for delivery within 2 months after allotment.

20. *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.

21. *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.

22. *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.

UNDERWRITING & BROKERAGE

23. *Commission for placing shares, debentures, etc:*

- a. Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company
- b. The Company may also, in any issue, pay such brokerage as may be lawful.

LIEN

24. *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 is to have full effect and such lien shall extend to all dividends and interest 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.

25. *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 authorise 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.

26. *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

27. *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.

28. *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.

29. *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 authorising such call was passed at the meeting of the Board.

30. *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.

31. *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.

32. *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.

33. *Dues deemed to be calls:*

Any sum, which 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.

34 *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 of Members 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.

35 *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.

36 *Payment in anticipation of call may carry interest*

- (a) 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.
- (b) 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.
- (c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE OF SHARES

37 *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 to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

38 *Notice for forfeiture of shares:*

- (a) 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.
- (b) 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.

39. *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.

40. *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 of Member, 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.

41. *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.

42. *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 demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

43. *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.

44. *Evidence of forfeiture:*

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

45. *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 not be bound to see to the regularity of the proceedings or to the application of the purchase money, 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.

46. *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.

47 *Board entitled to cancel forfeiture:*

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

TRANSFER AND TRANSMISSION OF SHARES

48 *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.

49 *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 authorise 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.

50 *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 of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

51 *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 of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

52 *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 our Registered Office 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.

53 *Directors may refuse to register transfer:*

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956 the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other

person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

54 *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.

55 *Survivor of joint holders recognised:*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognised 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.

56 *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 recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognise 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

57 *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.

58 *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.

59 *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.

60 *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.

61 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.

62 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.

63 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.

66. 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 subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

67 COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

SHARE WARRANTS

68 Rights to issue share warrants:

- (a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act .
- (b) 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.

69 Rights of warrant holders:

- (a) 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.

- (b) Not more than one person shall be recognised as the depositor of the share warrant.
 - (c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
- 70 (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) 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.

71 *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

72 *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.

73 *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

74 *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.

75 *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.

76 *Extraordinary 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.

77 *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.

78 *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 thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

79 *Special and Ordinary Business:*

- (a) 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.
- (b) 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.

80. *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.

81 *Time for quorum and adjournment:*

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.

82 *Chairman of General Meeting*

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

83 *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.

84 *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.

85 *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.

86 *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.

87 *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.

88 *Poll to be immediate:*

- (a) 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.
- (b) 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.

89 *Passing resolutions by Postal Ballot*

- (a) 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.
- (b) 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

90 *Voting rights of Members:*

- a) On a show of hands every member holding equity shares and present in person shall have one vote.
- b) 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.
- c) 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.

91 *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.

92 *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.

93 *Proxy:*

On a poll, votes may be given either personally or by proxy.

94 *Instrument of proxy:*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorised in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorised 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 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.

95 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.

96 *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.

97 *Corporate Members:*

Any corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised 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

98 *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.

100 *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.

101 *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

102 *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.

103 *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 return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is 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.

104 *Remuneration of Directors:*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

105 *Remuneration for extra services:*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to our in substitution for any other remuneration to which he may be entitled.

106 *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.

107 *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.

108 *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

109 *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.

110 *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.

111 *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.

112 *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

113 *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.

114 *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.

115 *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.

116 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 realised 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.

117 *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 set out in the said resolution.

118 *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.

119 *Meetings of the Board:*

- a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.
- b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of 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.

120 *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.

121 *Questions how decided:*

- a) 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, powers 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.

- b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

122 *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.

123 *Election of Chairman of Board:*

- a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.
- b) 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.

124 *Delegation of Powers:*

- a) 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.
- b) 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.

125 *Election of Chairman of Committee:*

- a) 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.
- b) The quorum of a committee may be fixed by the Board of Directors. ..

126 *Questions how determined:*

- a) A committee may meet and adjourn as it thinks proper.
- b) 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.

127 *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.

128 *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.

- 129 a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

- b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.
- c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.
- d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

130 *Assignment of debentures:*

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

131 *Terms of Issue of Debentures:*

Any such 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 or otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in a General Meeting by a Special Resolution.

132 *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 means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. 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.

133 *Nominee Directors:*

- a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such corporation so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).
- b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

- c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is//are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

- e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer. .

134 *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.

135 *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.

136 *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.

137 *Powers to be exercised by Board only by Meeting:*

- a) 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.
- b) 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.
- c) 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.
- d) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may invested and the nature of the investments which may be made by the delegate.
- e) 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.

MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)

- 138 a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors.
- b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

- c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.
- e) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.
- f) The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

139 *Powers and duties of Managing Director or whole-time Director:*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

140 *Remuneration of Managing Directors/whole time Directors:*

Subject to the provisions of the Act and subject to such sanction of Central Government/Financial Institutions as may be required for the purpose, the Managing Directors/whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

141 *Reimbursement of expenses:*

The Managing Directors/whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

142 *Business to be carried on by Managing Directors/ Whole time Directors:*

- (a) The Managing Directors/whole-time shall have subject to the supervision, control and discretion of the board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.
- (b) Without prejudice to the generally of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.
- (c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

CAPITALISATION OF PROFITS

157 *Capitalisation of Profits:*

- a) The Company in General Meeting, may, on recommendation of the Board resolve:
 - (i) That it is desirable to capitalise 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
 - (ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:
 - (i) Paying up any amounts for the time being unpaid on shares held by such members respectively
 - (ii) 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
 - (iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).
- c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
- d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

158 *Power of Directors for declaration of bonus issue:*

- a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
 - (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares, if any, and
 - (ii) generally do all acts and things required to give effect thereto.
- b) The Board shall have full power:
 - (i) 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
 - (ii) to authorise 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 capitalisation 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.
- c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

159 *Books of Account to be kept:*

- a) 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.

- b) 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 summarised 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.
- c) 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.

160 *Where Books of accounts to be kept:*

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

161 *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.

162 *Boards Report to be attached to Balance Sheet:*

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.

SERVICE OF DOCUMENTS AND NOTICE

167 *How -Document is to be served on members :*

- a) 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.

b) 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.

c) *Where a document is sent by post:*

(i) 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

(ii) Unless the contrary is provided, such service shall be deemed to have been effected

a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

168 *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.

169 *Service on members having no registered address:*

If a member has no registered address in India, and has not supplied to the Company an 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.

170 *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.

171 *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 authorised by as in the case of any member or members of the Company.

172 *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.

173 *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.

174 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.

WINDING UP

176 *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.

177 *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

178 *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, out of the funds of the Company to pay, 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 Sec. 633 of the Act in which relief is given to him by the Court.

179 *Not responsible for acts of others:*

- a) Subject to the provisions of Sec. 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 wilful 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.

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 RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment both dated February 6, 2007 to the BRLMs from our Company appointing them as the BRLMs.
2. Memorandum of Understanding amongst our Company, the Selling Shareholder and the BRLMs.
3. Memorandum of Understanding amongst the Registrar to the Issue, our Company, the Selling Shareholder and the BRLMs dated August 10, 2007.
4. Escrow Agreement dated [●], between our Company, the Selling Shareholder, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [●], between our Company, the Selling Shareholder and the BRLMs.
6. Underwriting Agreement dated [●], between our Company, the Selling Shareholder and the BRLMs.
7. Agreement dated August 14, 2007 for appointment of CRISIL Limited as the IPO Grading Agent.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Employment contract of Arvind Rao dated August 24, 2007.
7. Remuneration letters of Arvind Rao dated July 12, 2007 and of Chandramouli Janakiraman dated July 13, 2007
8. Application with the RBI for Offer Sale dated September 10, 2007.
9. FIPB approval for acquisition of Vox mobili SA dated September 5, 2007
10. Board resolution of the Selling Shareholder dated September 7, 2007 authorising Offer for Sale.
11. Statement of Tax Benefits from Deloitte Haskins & Sells, Chartered Accountants dated September 6, 2007 – Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.
12. Copies of annual reports of our Company for the years ended March 31, 2003, 2004, 2005 and 2006 and 2007.
13. Summary Statements of Assets and Liabilities and Summary Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under Indian GAAP as at and for the 3 months ended June 30, 2007 and the financial years ended March 31, 2007, 2006, 2005, 2004 and 2003 audited by Deloitte Haskins & Sells, Chartered Accountants, and their audit report on the same, dated August 30, 2007.
14. Consent of Deloitte Haskins & Sells, our Company's Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements as of the 3 month period ended June 30, 2007 and as of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 in the form and context in which they appear in the Draft Red Herring Prospectus.

15. Consent of Caprogec Audit SA, auditors of Vox mobili SA dated August 10, 2007 for inclusion of their audit report and an English translation thereof (either translated by them or certified by a third party translation agency) with respect to the financial statements of Vox mobili SA as of and for the three years ended December 31, 2006, 2005 and 2004 in the form and context in which they appear in the Draft Red Herring Prospectus.
16. Merger Agreement, Escrow Agreement and Employment agreements in relation to the acquisition of ITfinity.
17. Share Purchase Agreement dated July 18, 2007, Escrow Agreement, Indemnity Escrow Agreement, Put Option Agreement all dated September 10, 2007 in relation to the acquisition of Vox Mobili.
18. Shareholders Agreement dated May 11, 2006.
19. Investment Agreement dated August 30, 2006, as amended by an Addendum to the Investment Agreement of even date, and Shareholders Agreement dated August 30, 2006
20. Consents of Bankers to the Company, BRLMs, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
21. Listing Agreement dated [•] with [•].
22. Initial listing applications dated [•], and [•], filed with BSE and NSE respectively.
23. In-principle listing approval dated [•], and [•], from BSE and NSE respectively.
24. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated [•], 2007
25. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated [•], 2007
26. Due diligence certificate dated [•] to SEBI from the BRLMs.
27. SEBI observation letter No. [•] dated [•], 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

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, applicable, 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 the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Arvind Rao	Sd/-
Chandramouli Janakiraman	Sd/-
H.H. Haight IV	Sd/-
Sridar A. Iyengar	Sd/
Vikram S. Kirloskar	Sd/
Naresh K. Malhotra	Sd/
Jayanth Rama Varma	Sd/

Signed by the Chief Financial Officer

Sd/-

Rajesh Moorti

Signed by the Selling Shareholder

Sd/-

(Authorised Signatory)

Date: September 14, 2007

Place: Bangalore