

LETTER OF OFFER*(Private & Confidential)**For Equity Shareholders of the Company Only***INFO-DRIVE SOFTWARE LIMITED**

Originally incorporated as a Private Limited Company on 16/03/1988 under Companies Act, 1956, in the name and style of "Info-drive Computers Private Limited". It was subsequently converted into a Public Limited Company on 23/12/1994 and a fresh certificate of Incorporation was obtained. The name was later changed to Info-drive Software Limited on 31/01/1995

Registered Office : Buharia Building, II Floor, 3,4,5, Moores Road, Chennai 600 006.

Tel No: 044-28238801 , 044-28238802; **Fax:** 044-28238800

Email: infodrive @pobox.com; **Website:** www.infodrivservices.com

Contact person: : Mr. Gopal Rao- Company Secretary & Compliance Officer

OFFER FOR 2,00,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PREMIUM OF RS. 2/- PER SHARE(I.E. AT A PRICE OF RS. 12/- PER SHARE) AGGREGATING TO RS. 2400.00 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF FOUR (4) EQUITY SHARES FOR EVERY ONE (1) EQUITY SHARE (I.E. 4:1) OF RS. 10/- EACH HELD ON 19/05/2007 (THE RECORD DATE). THE ISSUE PRICE IS 1.2 TIMES OF THE FACE VALUE OF RS.10/-

GENERAL RISKS

Investment 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 securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document.

The attention of investors is drawn to the statement of Risk Factors appearing on page no. v of this Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Letter of Offer is true and correct in all material respects 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the company are listed on Bombay Stock Exchange Ltd. (BSE), (the Designated Stock Exchange) and Madras Stock Exchange (MSE). The Company has received in-principle approval from BSE & MSE vide their letter no. DCS/PREF/JA/IP-RT/1248/06-07 dated 09/03/2007 and letter no. MSE/DS/LD/738/191/07 dated 13/03/2007 respectively for listing of the equity shares being issued in terms of this Letter of Offer.

LEAD MANAGER TO THE ISSUE**KEYNOTE**

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building,
5, J. N. Heredia Marg, Ballard Estate, Mumbai-400 001.

Tel : +91 022 2267 1321 / 2269 4324

Fax: + 91 022 22694323

Email: mbd@keynoteindia.net

Website: www.keynoteindia.net

SEBI Regn. No.: INM 000003606

REGISTRAR TO THE ISSUE

CAMEO

CAMEO CORPORATE SERVICES LTD.

'Subramanian Building', No.1,
Club House Road, Chennai – 600 002.

Tel.: (044) 2846 0390 Fax : (044) 2846 0129

E-mail: cameo@cameoindia.com

Website:www.cameoindia.com

SEBI Regn. No.: INR 000003753

ISSUE OPENS ON

Friday, 01/06/2007

**LAST DATE FOR RECEIVING
REQUESTS FOR SPLIT FORMS**

Friday, 15/06/2007

ISSUE CLOSES ON

Friday, 06/07/2007

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II. DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, the terms “the Company” or “Info-drive Software” or “INFO-DRIVE”, unless the context otherwise implies, refer to Info-drive Software Limited. All references to “Rs.” or “INR” refer to Rupees, the lawful currency of India. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “lakh” or “lac” mean “100 thousand” and the word “million” means “10 lakh” and the word “crore” means “10 million” or “100 lakh” and the word “billion” means “1,000 million” or “100 crores”. Any discrepancy in any table between the total and the sums of the amounts listed are due to rounding off.

CONVENTIONAL / GENERAL TERMS

Term	Description
Act	The Companies Act, 1956 and subsequent amendments thereto
AS	Indian Accounting Standard
EGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
MOU	Memorandum of Understanding
NAV	Net Assets Value
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
RONW	Return on Networth
Security Certificate	Equity Share Certificate
Security(ies)	Equity Share(s)

OFFER RELATED TERMS

Term	Description
Articles	Articles of Association of Info-drive Software Limited
Board	Board of Directors, of Info-drive Software Limited
BSE/Designated Stock Exchange	Bombay Stock Exchange Limited
CAF	Composite Application Form
Issuer/Company/INFO-DRIVE	Info-drive Software Limited
Directors	Directors on the Board of Info-drive Software Limited
Equity Shareholders	Equity Shareholders of the Company whose name appear as: <ul style="list-style-type: none">• Beneficial Owners as per the list furnished by the depositories in respect of Equity Shares held in electronic form and;• Member on the Register of Members of the Company in respect of the Equity Shares held in Physical form
Equity Shares	Equity Shares of the Company of Rs.10/- each
Lead Manager/ LM	Lead Manager to the Issue i.e. Keynote Corporate Services Ltd.
Issue/ Rights Issue	Offer for 2,00,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 2/- per share (i.e. at a price of Rs.12/- per share) aggregating to Rs.2400.00 Lacs on a rights basis to the existing equity shareholders of the Company in

Term	Description
	the ratio of Four Equity Shares for every ONE Equity Shares held (i.e. 4:1) as on 19/05/2007.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Opening Date	The date on which the issue opens for subscription.
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
Issue Price	The price at which the equity shares are issued by the Company under this Letter of Offer.
Letter of Offer/ Offer Document	This Letter of Offer dated 17/05/2007 circulated to the Equity Shareholders and filed with the Stock Exchanges where equity shares of Info-drive Software Ltd. are listed, containing <i>inter alia</i> the Issue price and the number of equity shares to be issued and other incidental information.
Record Date	Saturday, 19/05/2007
Renounee	A person who has acquired rights entitlement from equity shareholders.
Rights Entitlement	The no. of equity shareholders that a shareholder is entitled to in proportion to his/her shareholding in the Company as on the record date.
Registrar to the Issue	Cameo Corporate Services Ltd

ABBREVIATIONS

Abbreviation	Full Form
CDSL	Central Depository Services (India) Limited
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
DP	Depository Participant
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FI	Financial Institution
FII (s)	Foreign Institutional Investors registered with SEBI under applicable laws.
NA	Not Applicable
NR	Non Resident
NRE Account	Non Resident External Account
NRI(s)	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
RBI	The Reserve Bank of India
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.



COMPANY/INDUSTRY RELATED TERMS

Term	Description
AAMT	American Association of Medical Transcription
ASEAN	Association of South East Asian Nations
BFSI	Banking, Financial Services and Insurance
BITECH	Bhari Information Technology System Pvt. Ltd.
BPO	Business Process Outsourcing
BSP	Business Services Provisioning
CAGR	Compound Annual Growth Rate
CRIS INFAC	Cris Infac is a database by CRISIL
EU	European Union
FAO	Finance & Accounting Outsourcing
HIPAA	Health Insurance Portability & Accountability Act
HR	Human Resource
IDC	International Data Corporation
IT	Information Technology
ITES	Information Technology Enabled Services
KPO	Knowledge Process Outsourcing
NASSCOM	National Association of Software and Service Companies
RFI	Request for Information
RFP	Request for Proposal
SAST	Substantial Acquisition of Shares and Takeovers
SITC	Strategic Information Technology Consulting
SLA	Service Level Agreement
STPI	Software Technology Parks of India
TPA	Third Party Administrators
VPN	Virtual Private Network

III. RISK FACTORS

The investors should consider the following risk factors together with all other information included in this Letter of Offer carefully, in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like “may”, “believes”, “will”, “expect”, “anticipate”, “estimate”, “plan” or other similar words. The Company’s actual results could differ from those anticipated in these forward looking statements as a result of certain factors including those, which are set forth in the “Risk Factors” below.

The Letter of Offer also includes statistical data regarding the IT industry. This data has been obtained from industry publications, reports and other sources that the Company and the Lead Manager believes to be reliable. Neither the Company nor the Lead Manager has independently verified such data. The Managements’ proposal to address the risks has been enumerated wherever applicable.

RISKS SPECIFIC TO THE PROJECT

- 1. The objects of the issue for which the funds are being raised has not been appraised by any Bank or Financial Institution**

The cost of the project for which the funds are being raised is based on the estimates of the management and not appraised by any Bank or financial institution.

- 2. We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of this Issue which would be used for acquisition of companies/ business**

We have allocated Rs. 1180 lacs from the Issue proceeds for acquiring companies, products and businesses. Though we have identified two companies we have not yet entered into any definitive agreements for acquiring them. There can also be no assurance that we will be able to conclude definitive agreements on terms anticipated by us. In the event the identified targets are not acquired by us, we shall pursue our strategy to grow inorganically and acquire companies, products and businesses which suit our purposes.

- 3. We have not yet tied up for opening of offices in the target markets**

We propose to set up overseas marketing offices in the target markets viz; Singapore, Malaysia and Middle East however, till date IDSL has not tied up for opening of these offices.

- 4. Inability to deliver as per the business plan could impact the results of operations**

The company proposes to spend an amount of Rs. 250 lacs towards setting up of overseas marketing offices. Any inability to deliver as per our business plan could have an adverse impact on our results from operations.

INTERNAL RISK FACTORS

- 1. The issuer company is presently not carrying out any business**

Presently IDSL is not carrying on any business. Income received by the company in the year 2006 and for nine months period ended 31/12/2006 is not in form of any business activity but from the sale of old CD’s and interest income on Bank Fixed Deposit.

- 2. Contingent Liabilities aggregating to Rs. 25,000/- are not provided for by the company**

As per the audited accounts as of 31/12/2006, the Company has not made any provision against the complaint lodged on the company before the district forum at Coimbatore, which involved an amount of Rs. 25,000/-. However as per the court order on 22/02/2007 the balance Rs. 5,000/- stands paid and the matter stands closed.



3. Company has incurred losses for past several years

The detail of the losses incurred by the company for the past 3 years is as given herein under:

Financial year ended on	Amount of loss (Rs. In lacs)
31/03/2006	14.64
31/03/2005	11.86
31/03/2004	20.58

The company has also made losses for the financial year ended 30/06/1997, 30/06/1998, 30/06/1999, 30/06/2000, 30/06/2001, nine months period ended 30/03/2002 and 31/03/2003 to the tune of Rs. 80.58 lacs, Rs. 80.55 lacs, Rs. 36.48 lacs, Rs. 127.06 lacs, Rs. 133.30 lacs, Rs. 14.20 lacs and Rs. 10.29 lacs respectively. The losses during past years were mainly due to the fact that the company was not able to commercially convert the software products developed by the company.

4. Cash flows generated from the operating activities are negative

There has been a negative cash flow from operating Activities to the extent of Rs. 9.72 lacs for the 9 months period ended 31/03/2002 and also for the financial year ended 31/03/2004, 31/03/2005 and 31/03/2006 to the tune of Rs. 8.58 lacs, Rs. 2.88 lacs and Rs. 218.52 lacs respectively.

5. Losses made by the promoting Company

The detail of losses incurred by the promoting company of Info-drive M/s. BITECH during the past three years is as given herein under:

Financial year ended on	Amount of loss (Rs. In lacs)
31/03/2006	61.63
31/03/2004	542.70

6. Shortfall in the Promises vis-à-vis performances during the previous issue made by the company.

The company had come out with its initial public offering through its prospectus in the year 1995. In this prospectus Info-drive had made certain projections which could not be achieved for various reasons. The detailed break up of the actual v/s the projections made by the company are as follows:

Particulars	1995-96		1996-97		1997-98		1998-99	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Software export	75.00	--	200.00	1.14	278.00	0.04	334.00	0.06
Local	30.00	24.87	40.00	72.88	50.00	0.69	60.00	1.41
Training division	133.00	37.70	166.00	30.52	180.00	6.51	216.00	13.53
Total income	238.00	62.57	406.00	104.54	508.00	7.24	610.00	15.00
Expenses	116.00	61.90	205.00	167.38	260.00	87.79	278.00	51.47
Depreciation	46.00	17.59	61.00	17.75	73.00	20.08	99.00	16.84
PBT	76.00	(16.91)	140.00	(80.58)	175.00	(60.45)	233.00	(19.63)
Tax	--	--	33.00	--	45.00	--	55.00	--
PAT	76.00	(16.91)	107.00	(80.58)	130.00	(60.45)	178.00	(19.63)
Proposed dividend	60.00	-	80.00	-	100.00	--	100.00	--
Share Capital	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
Book Value	10.52	10.16	11.23	8.15	12.02	6.14	14.01	6.68
EPS	1.90	--	2.68	--	3.25	--	4.45	--

Reasons for shortfall: The company could not generate income from the investments made on the product developed and consequently the sale of CD-Rom was low, leading to shortfall in achieving the projections. Further the franchising business evolved for imparting educational training also did not materialize due to which the promises could not be met.

7. Retaining skilled professional

The success and growth of the company depends to a great extent on its ability to attract, motivate and retain highly skilled manpower. Competition for skilled professional in the industry is intense and that could affect the operations of the company.

8. Foreign currency risk

The company is exposed to foreign currency risk since significant portion of the revenues would be through foreign currency. The appreciation of the Rupee against the US dollar would have an adverse affect on the operations of the company.

9. There are no standard valuation methodologies or accounting practices in the emerging software industries. The financials of the issuer are not comparable with the players in the industry.

Info-Drive is engaged in the business of development and designing software packages and imparting training in computers. The business of the company is not directly comparable to the business of any listed company in India. Hence, comparison with industry peers is not possible. Comparison with other companies may be difficult and may not provide investors appropriate comparative analysis.

10. Valuations in the software / information technology are presently high.

The valuations in the IT industry are presently high and may not be sustained in future. Additionally, current valuations are not indicative of future performance and valuation of the companies operating in this segment.

EXTERNAL RISK FACTORS

1. Competition

Competition in the IT and business process outsourcing services industry is intense and growing. We will face competition from onshore and offshore based business process outsourcing companies and from information technology companies. We will face significant competition from U.S.-based and non-U.S.-based outsourcing companies and from our clients, who may perform outsourcing services themselves, either in-house, in the United States or through offshore groups or other arrangements.”

2. Slowdown in economic growth in India could cause the business to suffer

Any slowdown in the growth of Indian economy, could adversely affect the business of the Company, including the future financial performance, shareholders’ funds and ability to implement strategy and the price of the Equity Shares.

3. Significant change in the Government’s economic liberalization and deregulation policies

The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on public and private sector entities, including the Company, and on market conditions and prices of Indian securities, including in the future on Company’s Equity Shares. The present Government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by a coalition of several political parties. Any significant change in the Government’s policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect the business, future financial performance and the price of Company’s Equity Shares.



4. Decline in India's foreign exchange reserves.

At present, India's foreign exchange reserves are the sixth largest in the world. A decline in such reserves could result in reduced liquidity and higher interest rates in the Indian economy. Reduced liquidity or an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect business and financial performance of the Company and the price of Equity Shares. Decline in foreign exchange reserves is a general economic risk factor. The decline is likely to affect economic conditions of the country as a whole, the adverse effect of which is likely to percolate to all the companies.

NOTES TO THE RISK FACTORS:

1.

Preissue Networth (as on 31/12/2006)	Rs. 36.83 lacs
Preissue Net Asset Value (as on 31/12/2006)	Rs. 0.74
Issue Size	Offer for 2,00,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 2/- per share (i.e. at a price of Rs.12/- per share) aggregating to Rs.2400.00 Lacs.
Cost per share to the promoter	Mr. K. Shivakumar – Rs. 10/- Mr. V.N. Seshagiri Rao – Rs. 7/- M/s. BITECH – Rs. 7/-

2. There is no interest of Promoters/Directors/key management personnel other than reimbursement of expenses incurred or normal remuneration/sitting fees or benefits.
3. For details on Related party transactions refer to the chapter titled Financial Information starting on page. 60 of this offer document.
4. The Lead Manager and the Company shall update this Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement.



IV. INTRODUCTION

A. SUMMARY

INDUSTRY

IT and BPO are among the fastest growing segments in the Global Economy having the potential to generate foreign exchange earnings, high quality employment and also contribute to productivity of the economy. According to a February 2003 Gartner report- worldwide IT services spending is expected to grow from \$556.9 billion in 2002 to \$736.7 billion by 2006. The investment opportunities having high yield potential in the IT and ITES sectors, are from the BFSI, Finance and Accounting, Healthcare among many others.

BUSINESS SUMMARY

Info-drive has been engaged in development and designing software packages and imparting training in computers. The company has developed 12 software packages on varied fields and on the training front the company has trained over 12,000 students till date.

On the software front the Company had developed several Application packages for companies like Eagle press, Abbott laboratories, Arvind enterprises and a part of Butterfly group of industries. Further it has developed readymade package on graphics and animations like "Classmate Series" Physics for school students. This package caters to the 6th and 7th standard school students. It is mainly on the concepts of basic physics, explained in a simple and interesting manner with illustrations and animations. Info-drive has also developed "Info-safe" a data security software. This package encrypts data and stores in the floppy in an encrypted manner. The user therefore has to access only through the password which again decrypts the data into readable format. This package is quite useful in maintaining personal documents. "info-guard", a copy protection software, helps the user to protect valuable software from being copied. The first ever CD- Rom of its kind on classical Indian dance- "Bharata natyam" was produced by Info-drive and the product was well received in the market.

On the training side, the company conducts courses on programming languages like BASIC, COBOL, FORTRAN, PASCAL, C and also on the hardware side where the student is taught right from basic electronics to chip level servicing. Students are also given in-house and on-site training. Training is also conducted on Application Packages like Database, Spreadsheets and Word processing.

In August 2006, the company was taken over by Bhari Information Technology System Private Ltd. (BITECH) which is a pioneer in software education and training. Subsequently the company has realigned its focus in new areas having high growth potential and niche like BPO, KPO and Banking Solutions catering to Islamic Banking and Financial Services. Info-Drive has also already opened a subsidiary in US however no steps have been taken for opening a subsidiary in Singapore.

Proposed Business Scenario:

The company will be segmented into two areas – Information Technology Services ("IT Services") and Business Process Outsourcing.

IT Services cover: IT strategic consulting services, Software Architecture, Development & Deployment, Systems Integration, Technology Infrastructure Management and other support services. . Our IT Services business unit will offer such services with a strong focus on Islamic Banking and insurance solutions.

BPO services will be organized into three divisions – Healthcare BPO which provides services like Medical Transcription, Medical Coding & Billing and Insurance Claims Processing. Pension Plan administration BPO which provides back office support services to U.S. Pension Industry. Finance and Accounting back office functions includes accounting services, payroll processing and taxation services. We will steadily enhance the portfolio of services we offer to address the diverse requirements of clients.

Our goal is to be a global organization and to this end, we will be increasing our geographical footprint in an aggressive manner. We will establish our presence in most of the large IT and outsourcing markets of our services

with offices in the Far East, Middle East and North America. The delivery centers will be multi locational in India. To achieve in-depth domain expertise and provide industry-specific services to our clients, we will organize along three main client-facing groups, with the customer at the center. These are:

- Business Development Unit – 1 in Dubai, UAE, 3 units located in USA. (Sunnyvale, Detroit and New York) for marketing BPO services
- Business Development Unit – 1 in Singapore, 1 in Kuala Lumpur, Malaysia for marketing IT services
- Service Delivery Unit – 3 located in India.(Mumbai, Pune and Chennai)
- Governance & Support Unit – 1 located in India (Chennai)

The company has started a subsidiary in USA w.e.f. February, 2007 in the name of Infodrive Software Inc. The company is still in the process of taking effective steps to open a subsidiary in Singapore and has not yet entered into any concrete plan/agreement.

OPERATING STRUCTURE

Vertical Business Units (VBU)

- IT Services:
Islamic Banking Solutions
- Business Process Outsourcing:
- Healthcare
 - Finance & Accounting
 - Pension Administration

Shared Services (SSU)

- Network and Systems
- Commercials & Contracts
- Corporate Services
- Finance and Internal Audit
- Legal & Secretarial

**Non-Hierarchical
Collaborative Structure
Promotes Entrepreneurship**



- North America
- Middle East
- Far East

Regional Business Units (RBU)

- Consulting and Enterprise Solutions (CES)
- Enterprise Applications, Development and Systems Integration.
- Datacenter Management
- Offshored Outsourcing

Horizontal Competency Units (HCU)

We will position ourselves to benefit from the combination of the outsourcing and offshoring trends. We will invest in building a strong sales team with 6 offices across the globe. In addition, several of our executives will be based in client geographies and focus on developing client relationships.

Issue Details

Offer for 2,00,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 2/- per share (i.e. at a price of Rs.12/- per share) aggregating to Rs. 2400.00 Lacs on a rights basis to the existing equity shareholders of the Company in the ratio of Four equity shares for every one equity share held on 19/05/2007 (Record date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price of Rs. 12/- is 1.2 times of the face value of Rs. 10/-.



SUMMARY OF FINANCIAL DATA

Please read the following data in conjunction with the detailed Auditors' Report commencing on page no. 56 under the heading 'FINANCIAL INFORMATION'.

STATEMENT OF PROFIT AND LOSS

(Rs. In lakhs)

Particulars	31/03/2002 (9 Months)	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/12/2006 (9 Months)
INCOME						
Sales /Fee receipts	0.79	0.22	0.78	6.77	0.75	0.22
Other Income	3.38	1.03	0.44	-	1.95	9.39
TOTAL INCOME	4.17	1.25	1.22	6.77	2.70	9.61
EXPENDITURE						
Increase/decrease in Stocks	0.32	0.22	0.74	3.12	0.25	0.10
Staff Costs	0.20	-	-	-	-	-
Other Manufacturing expenses	0.98	-	-	-	-	-
Administration expenses	10.72	8.42	9.11	9.01	8.28	6.46
Selling & distribution expenses	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Depreciation	7.21	2.90	2.90	2.03	2.03	1.52
TOTAL EXPENSES	19.43	11.54	12.75	14.16	10.56	8.08
Net Profit before tax and extra ordinary items	(15.26)	(10.29)	(11.53)	(7.39)	(7.86)	1.53
Less: Taxation	-	-	-	-	-	0.04
Net Profit before Extraordinary items	(15.26)	(10.29)	(11.53)	(7.39)	(7.86)	1.49
Less: Extraordinary items (Net of tax)	1.07	-	9.05	4.47	6.78	-
Net profit/(Loss) after extraordinary items	(14.19)	(10.29)	(20.58)	(11.86)	(14.64)	1.49

Note: Break-up of other income

FINANCIAL YEAR ENDED	31-Mar-02 (9 Months)	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-06 (9 Months)
Sales /Fee receipts						
Sales	0.32	0.22	0.74	6.77	0.74	0.22
Fees received for Training	0.47	-	0.04	-	0.01	-
Total	0.79	0.22	0.78	6.77	0.75	0.22
Other Income						
Interest income (interest on Fixed Deposit)	2.40	1.03	0.44	-	1.95	6.78
Miscellaneous income (IT Consulting)	0.98	-	-	-	-	2.61
Total	3.38	1.03	0.44	-	1.95	9.39

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In lakhs)

Particulars	31/03/2002 (9 Months)	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/12/2006 (9 Months)
A. Fixed Assets:						
Gross Block	134.64	134.64	119.29	119.99	119.99	119.99
Less: Depreciation	69.99	72.89	67.49	69.53	71.56	73.08
Net Block	64.65	61.75	51.80	50.46	48.43	46.91
Less: Revaluation reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation reserve	64.65	61.75	51.80	50.46	48.43	46.91
B. Current Assets, Loans & Advances						
Inventories	16.34	16.12	15.38	15.48	15.39	15.28
Sundry Debtors	0.69	0.69	1.38	5.41	-	-
Cash & Bank Balances	0.27	1.49	0.33	0.17	6.10	11.01
Loans & Advances	19.77	15.33	10.87	4.17	205.25	5.26
Other Current Assets	-	-	-	-	-	-
	37.07	33.63	27.96	25.23	226.74	31.55
C. Liabilities & Provisions						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	7.84	7.86	8.22	11.65	236.10	41.59
Current Liabilities & Provisions	14.88	14.18	14.19	14.06	3.73	0.04
	22.72	22.04	22.41	25.71	239.83	41.63
D. Net worth	79.00	73.34	57.35	49.98	35.34	36.83
E. Represented by						
1. Share Capital	500.00	500.00	500.00	500.00	500.00	500.00
2. Reserves	(421.00)	(426.66)	(442.65)	(450.02)	(464.66)	(463.17)
Less: Revaluation reserve	-	-	-	-	-	-
Reserves (Net of revaluation reserve)	(421.00)	(426.66)	(442.65)	(450.02)	(464.66)	(463.17)
Net Worth	79.00	73.34	57.35	49.98	35.34	36.83

Note on the Statement of Assets and Liabilities

During the financial year 2005-06, the company had accepted share application money for the then proposed allotment of shares on preferential basis. Due to withdrawal by the preferential allottees the preferential issue did not materialize. Some of the share application money was repaid during the year and the balance amount had been kept under unsecured loans. The same was deposited in a separate fixed deposit account with UTI bank which is reflected in the balance of Loans and advances.



B. GENERAL INFORMATION

Dear shareholder(s),

The Board of Directors in their meeting held on 22/12/2006 decided to make the offer to the equity shareholders of the Company on rights basis. The resolution in respect of this has been approved by the shareholders of the Company in the Extra Ordinary General Meeting of the Company held on 23/01/2007 and authorized the Board of Directors to decide on terms of the issue and also to take steps to give effect to the said resolution. Accordingly the Board of Directors in their meeting held on 13/02/2007 has decided to make following offer to the existing shareholders of the Company:

Issue of 2,00,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 2/- per share (i.e. at a price of Rs.12/- per share) aggregating to Rs.2400.00 Lacs to the existing equity shareholders of the Company in the ratio of Four equity shares for every one equity share held on 19/05/2007 (Record Date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price of Rs. 12/- is 1.2 times the face value of Rs. 10/-.

About the Company

Info-drive Software Ltd. (INFO-DRIVE) was started by Mr. K. Shivakumar as a proprietary concern in the year 1985 in the name Info-Drive Computer Centre and was then converted into a Private Limited Company on 16/03/1988 under Companies Act, 1956, in the name and style of "Info-drive Computers Private Limited". It was subsequently converted into a Public Limited Company on 23/12/1994 and a fresh certificate of Incorporation was obtained. The name was later changed to Info-drive Software Limited on 31/01/1995.

Name of the Company : Info-drive Software Limited
Registered Office : Buharia Buildings II Floor, 3,4,5, Moores Road, Chennai – 600 006
Contact person: : Mr. Gopal Rao- Company Secretary & Compliance Officer
Registration No. : 18-15475
Registrar of Companies : Registrar of Companies, Chennai – Tamilnadu.

IMPORTANT

1. This Issue is pursuant to the resolution approved by shareholders under sections 81 (1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting held on 23/01/2007 & subsequent resolution passed by the Board of Directors of the Company in their meeting held on 13/02/2007.
2. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on the 19/05/2007 (Record Date).
3. Your attention is drawn to the section on risk factors starting from page no. v of this Letter of Offer.
4. Please ensure that you have received the CAF with this Letter of Offer.
5. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAFs. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non compliance of the Letter of Offer or the CAF.
6. All enquiries in connection with this Letter of Offer or CAFs should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAFs.
7. The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.
8. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.

BOARD OF DIRECTORS

The Board of Directors of the Company comprises of:

Name of the director	Status
Mr. K. Shivakumar	Executive Non Independent
Mr. V. N. Seshagiri Rao	Executive Non Independent
Mr. K. Chandrasekaran	Executive Non Independent
Mr. N.T. Shivkumar	Non Executive Independent
Mr. Singanallur Narayanan	Non Executive Independent
Mr. Clark Reiner	Non Executive Independent
Mr. A. T. Krishnakumar	Non Executive Independent

For further details of our Board of Directors, see the section titled "Management" on page no. 46 of this offer document.

Compliance Officer & Company Secretary

Mr. Gopal Rao
Sr. Vice President – Legal & Company Secretary
Buharia Buildings, II Floor,
3,4,5, Moores Road,
Chennai – 600 006
Tel : 044 28238801
Fax : 044 28238800
Email : infodrive @pobox.com

Investors can contact the Compliance Officer 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 or refund orders etc.

Legal Advisor to the issue

M/s. Natraj Rao Raghu and Sundaram,
Haji S.Madharsha & Sons Buildings, 5t Floor,
No.148, (Old No44)
Second Line Beach,
Chennai 600 001
Phone 91-44-25341718,25342012,25356893
Fax 25341597,25354342
Email nrrands@md4.vsnl.net, nrrands@dataone.in
Contact person Mr.B.Giridhar Rao Partner

Bankers to the Company**UTI Bank**

No. F 33, II Avenue,
Anna Nagar East,
Chennai – 600 102
Tel: (044) 26289045 /46 / 47, Fax: (044) 26289056
Contact Person : Mr. Srivatsan - Manager



ISSUE MANAGEMENT TEAM

Lead Manager to the issue

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building,
5, J. N. Heredia Marg
Ballard Estate, Mumbai-400 001.
Tel : +91 022 2267 1321 / 2269 4324
Fax: + 91 022 22694323
Email: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person : Mr. Janardhan Wagle

Registrar to the issue



CAMEO CORPORATE SERVICES LTD.

'Subramanian Building', No.1, Club House Road,
Chennai – 600 002.
Tel.: (044) 2846 0390 Fax : (044) 2846 0129
E-mail: cameo@cameoindia.com
Website:www.cameoindia.com
Contact Person : Mr. Ravi

Bankers to the Issue

Canara Bank

Capital Market Services Branch
Varma Chambers, No. 11,
Homji Street, Fort,
Mumbai – 400001
Tel: +91-22-22692973
Fax: +91-22-22664140
Email: mcity2422@canbank.co.in

Union Bank of India

239, Union Bank Bhavan,
Vidhan Bhavan Marg,
Mumbai – 400 021
Tel: +91-22-22896319
Fax: +91-22-22824689
Email: mohantysatyajit@unionbankofindia.com

Auditors of the Company

M/s. K. S. Reddy Associates

Chartered Accountants
75/35, 1st Floor, Annapillai Street,
Sowcarpet, Chennai – 600 079

INTERSE ALLOCATION OF RESPONSIBILITIES

Not Applicable

CREDIT RATING/DEBENTURE TRUSTEE

This being an issue of Rights Equity Shares, no Credit Rating or appointment of Debenture Trustee is required.

MONITORING AGENCY

No monitoring agency has been appointed for monitoring the proceeds of the issue.

APPRAISING ENTITY

Not Applicable

MINIMUM SUBSCRIPTION

- i) If the Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue.

- ii) If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e., forty two days after closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

UNDERWRITING

The issue has not been underwritten.

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSES ON
Friday, 01/06/2007	Friday, 15/06/2007	Friday, 06/07/2007



C. CAPITAL STRUCTURE OF THE COMPANY

Details as on date of Letter of Offer	Aggregate Nominal Value (Rupees)	Aggregate value at issue price (Rupees)
A. Authorized Capital 3,00,00,000 Equity shares of Rs. 10/ each	30,00,00,000	
B. Issued, Subscribed & Paid –up Capital 50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,60,00,000
C. Present Rights Issue 2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	24,00,00,000
D. Post Issue Capital 2,50,00,000 Equity Shares of Rs.10/- each	25,00,00,000	29,60,00,000
E. Share Premium Account Before the Offer After the Offer	60,00,000 4,60,00,000	

Change in Authorised Share Capital

The Company was incorporated with authorized share capital of Rs 3 Lacs divided into 30,000 equity Shares of Rs.10/- each. The authorized share capital of the Company was changed from time to time. The present authorized share capital of the Company is Rs.3000 Lacs divided into 3,00,00,000 equity shares of Rs.10/- each.

Notes to Capital Structure:

1. Details of present Equity Share Capital are as follows:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment	Cumulative Share Capital
16/03/1988	200	10	10	Cash	Subscribers to the Memorandum	200
01/12/1989	7,500	10	10	Cash	Allotment to the promoter	7,700
26/04/1991	2,300	10	10	Cash	Allotment to the promoter	10,000
29/07/1991	20,000	10	10	Cash	Allotment to the promoter	30,000
27/03/1992	50,000	10	10	Cash	Allotment to the promoter	80,000
29/05/1992	3,20,000	10	10	Cash	Allotment to the promoter	4,00,000
04/06/1993	6,00,000	10	10	Cash	Allotment to the promoter	10,00,000
04/11/1994	500	10	10	Cash	Allotment to the promoter	10,00,500
31/01/1995	3,50,000	10	10	Cash	Allotment to the promoter	13,50,500
03/06/1995	26,49,500	10	10	Cash	Allotment to the promoter & Public issue	40,00,000
14/02/2000	10,00,000	10	16	Cash	Preferential allotment to promoters and others *	50,00,000
Total	50,00,000					

* S. Chellappa & Co., the then Chartered Accountants and Statutory Auditors of the Company have vide their certificate dated 12/06/2000 in respect of preferential allotment made to Promoters and others certified that the calculation of preferential issue price for the allotment is in accordance with the SEBI guidelines.

The present issue being a rights issue, provisions of promoters' contribution and lock-in are not applicable.

2. Pre & Post issue shareholding pattern of the Company is given below:-

	Particulars	Pre-issue		Post-issue	
		No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	263870	5.28	1319350	5.28
(b)	Central Government/ State Government(s)/Government company	--	--	--	--
I	Bodies Corporate	533024	10.66	2665120	10.66
(d)	Financial Institutions/ banks	--	-	--	-
(e)	Any Other (specify)	--	-	--	-
	Sub- Total (A)(1)	796894	15.94	3984470	15.94
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals)	2900	0.06	14500	0.06
(b)	Bodies Corporate	--	--	--	--
(c)	Institutions	--	--	--	--
(d)	Any other (specify)	--	--	--	--
	Sub-Total (A)(2)	--	--	--	--
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	799794	16.00	3998970	16.00
(B)	Public shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	800	0.02	4000	0.02
(b)	Financial Institutions/ Banks	10200	0.20	51000	0.20
(c)	Central Government/ State Government(s)	--	--	--	--
(d)	Venture Capital Funds	--	--	--	--
(e)	Insurance Companies	--	--	--	--
(f)	Foreign Institution Investors	--	--	--	--
(g)	Foreign Venture Capital Investors	--	--	--	--
(h)	Any Other (specify)(Foreign National)	--	--	--	--
	Sub-Total (B)(1)	11000	0.22	55000	0.22
(2)	Non-institutions				
(a)	Bodies Corporate	165394	3.31	826970	3.31
(b)	individuals-				
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	2341289	46.83	11706445	46.83
	ii. Individual shareholders holding nominal share capital in excess in excess of Rs. 1 lakh.	1678143	33.56	8390715	33.56
(c)	Individuals (Non-Resident Individuals/ Foreign non Individuals)				
	Clearing Member	4380	0.09	21900	0.09
	Sub-Total (B)(2)	4189206	83.78	20946030	83.78
	Total public shareholding (B)= (B)(1)+(B)(2)	4200206	84.00	21001030	84.00
	TOTAL (A)+(B)	5000000	100.00	25000000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
	GRAND TOTAL (A)+(B)+(C)	5000000	100.00	25000000	100.00



3. Present Rights Issue :

Type of Instrument	Ratio	Face Value (Rs.)	No. of shares	Issue Price (Rs.)	Consideration
Equity Shares	4:1 (Four equity shares for every one share held)	10/-	2,00,00,000	12/-	Cash

4. The shareholding pattern of the promoter group is as detailed below:

Particulars	Present		Post Rights	
	No. of Equity Shares of Rs.10/- each	% of Present Capital	No. of Equity Shares of Rs.10/- each	% of post issue capital
a) Promoters/Directors <ul style="list-style-type: none"> • K.Shivakumar • V.N. Seshagiri Rao • K. Chandrasekaran • BITECH 	249090 14780 2900 533024	4.98 0.30 0.06 10.66	1245450 73900 14500 2665120	4.98 0.30 0.06 10.66
b) Immediate relatives of promoters (Spouse, parent, child, brother, sister)	--	--	--	--
c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member.	--	--	--	--
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital.	--	--	--	--
e) HUF/Trust/Societies in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	--	--	--	--
Total	799794	16.00	3998970	16.00

The Promoters/Promoter group have collectively undertaken that they shall subscribe to their entitlement in the Issue to the fullest extent. The entitlement of the promoters in the said Rights Issue would be Rs. 383.90 Lacs. The promoters / promoter group intends to subscribe to the unsubscribed portion in the said Rights Issue to such an extent that their post rights issue holding is upto 26%.

As a result of this subscription and consequent allotment, the promoters/promoter group may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding. Assuming under subscription and promoters/ promoter group subscribing to such an extent, the holding of promoters/promoter group post Rights Issue would be 26%. This subscription and acquisition of additional equity shares by the Promoter/ promoter group, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

After subscription by the promoters to the extent as mentioned above, if the issue remains under-subscribed to an extent of less than 90% of the issue size, the company shall refund the entire subscription to the shareholders/ applicants and the company shall not proceed with the objects for which the funds are raised.

5. Neither the Company, nor its Directors / Promoter / Promoter Group, nor their respective Directors and the Lead Manager have entered into any buy-back and/or standby or similar arrangements for purchase of Equity Shares from any person.
6. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company.
7. Equity Shares of the Company are being traded in compulsory dematerialized mode. The market lot of the Equity Shares is 1 (one).
8. The ten largest shareholders two years prior to the date of filing of this Letter of Offer with SEBI are as follows :

Sr. No	Name of Shareholder	No. of Shares	% age
1	K. Shivakumar	465900	9.84
2	P. Shreenivas Reddy	218492	4.37
3	Sujana Reddy	189000	3.78
4	S. Shrelakshme	188000	3.76
5	Utsav Parekh	150000	3.00
6	Ajay Kayan	150000	3.00
7	A Saravavan	150000	3.00
8	R.K. Sivanandavalli	109100	2.18
9	K. Ganesh Krishna	63300	1.27
10	Venkatasubramanian	50000	1.00

9. The ten largest shareholders as on 10 days prior to the date of filing of the Letter of Offer with SEBI are as follows :

Sr. No	Name of Shareholder	No. of Shares	% age
1	Bhari Information Technology System Pvt. Ltd.	533024	10.66
2	K. Shivakumar	249090	4.98
3	P. Shreenivas Reddy	219835	4.40
4	S. Sreelakshmi	189850	3.80
5	Sujana Reddy	189000	3.78
6	Ajay Kayan	150000	3.00
7	Hari & Co Investment	100000	2.00
8	R V G Fincap Services Pvt. Ltd.	69000	1.38
9	Suryanarayan V	67208	1.34
10	Sujana B	53419	1.07

10. The ten largest shareholders as on the date of filing of the Letter of Offer with SEBI are as follows :

Sl.No	Name of Shareholder	No. of Shares	% age
1	Bhari Information Technology System Pvt. Ltd.	533024	10.66
2	K. Shivakumar	249090	4.98
3	P. Shreenivas Reddy	219835	4.40
4	S. Sreelakshmi	189850	3.80
5	Sujana Reddy	189000	3.78
6	Ajay Kayan	150000	3.00
7	Hari & Co Investment	100000	2.00
8	Aryan share and stock brokers Ltd.	90630	1.81
9	Suryanarayan V	67208	1.34
10	Sujana B	53419	1.07



11. The Equity Shares of the company are of face value of Rs.10/- and marketable lot is 1 (one). At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with.
12. The Company, presently does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme in place, and thus no options have been granted or shares issued pursuant to the above schemes.
13. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Letter of Offer to SEBI for the Rights Issue till the securities referred in the Letter of Offer have been listed or application money refunded on account of failure of the issue.
14. Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Letter of Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.
15. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.
16. The total number of members in the company as on date is 6,100.

D. OBJECTS OF THE ISSUE

The Company proposes to issue equity shares by way of Rights to raise funds for:

1. Acquisition of companies / businesses/ products/ services;
2. Setting up of Overseas Marketing Offices;
3. Meeting Working Capital requirements;
4. Meeting the expenses of the Issue

The main object clause of the Memorandum & Articles of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

Rationale of the Project

In August 2006, BITECH acquired stake in Info-Drive and made an open offer in terms of SEBI (SAST) Regulations. The company plans to embark on a model of organic and inorganic growth. To achieve organic growth the company proposes to set up overseas marketing offices in target markets. For the inorganic growth, the company will actively look for acquisition of companies/businesses/ services. In order to achieve its objectives, Info-drive is proposing to raise resources that would be deployed as follows.

Funds Requirement

(Rs. In Lacs)	
Acquisition of companies / businesses/ products/ services	1180.00
Setting up of Overseas Marketing Offices	250.00
Meeting Working Capital requirements	900.00
Meeting the expenses of the Issue	70.00
Total	2400.00

Means of Finance

(Rs. In Lacs)	
Rights Issue	2400.00
Total	2400.00

The fund requirement is based on our current business plans and the deployment of the same is based on our internal management estimates and has not been appraised by any bank or financial institution. In view of the uncertainties attached to the nature of our business we may have to revise our business plan from time to time and as a result thereof, the utilization of the Issue proceeds may change. Any variation in the actual utilization of Issue proceeds will be met from our internal accruals or debt.

SOURCES & DEPLOYMENT OF FUNDS

No amount has been spent on the project as on date.

BRIEF DETAILS ABOUT THE PROJECT:

1. Acquisition of companies / businesses/ products/ services;

From the proceeds of this Issue, Info-drive proposes to utilize an amount of Rs.1180.00 lacs towards acquisition of companies and/or products and/or lines of businesses engaged in niche area and spectrum of services with good market potential.

Our acquisitions strategy will enable us to get a jump start into new verticals /markets / lines of businesses and clients and would help broad base service offering. With this objective, Info-drive has already identified and initiated negotiations with certain target companies that have strong product offering and allied services mainly in the following vertical and segments:



- 1 Information Technology consulting and System Integration and
- 2 Back office transaction processing services

Info-drive has signed Non-Disclosure Agreements dated 18/12/2006 and 10/01/2007 respectively, with the Companies identified for acquisition. However the synopsis of the companies as identified to be acquired are discussed herein under.

M/S BHARI INFORMATION TECHNOLOGY SDN BHD , KUALA LUMPUR, MALAYSIAA ('BITSB'):

BITSB, Incorporated in 1994 has been in Information Technology consulting services. Recognizing the current wave of Islamic banking and consequently the demand for solutions in that space, the company pioneered the introduction of structured Islamic Banking Integrated Solution in the Far East market. BITSB has setup a fully functional presence in Malaysia. To serve its customers with cost-effective yet value rich solutions, BITSB strikes strategic partnership with other Technology and product vendor, at different levels of strategy, implementation and development.

BITSB is recognized for its commitment and quality of deliverables, and has an experienced team of domain and technical experts who have complete knowledge on the implementation methodology and can effectively handle large and complex projects.

The "Strategic Information Technology Consulting" (SITC) division of the company is the driving force, that formulates a comprehensive approach for Project planning and management functions. This unique approach of the company enhances its capability to implement Integrated Islamic Banking System for its clients under different innovative value added engagement models. The company offers full fledged features with all required vertical applications and delivery channels from a single vendor. The company also works with Telecom service providers on billing software maintenance. It is estimated that the cost of substantial acquisition of BITSB would be Rs. 580 lacs

M/s KASHI INFOTECH PRIVATE LIMITED, MUMBAL, INDIA ('KIPL')

KIPL is in existence since Dec 2004 and has as one of its major clients -a company that was recognized by Deloitte in the list of "500 fast growing technology companies in North America and Maryland Fast 50. KIPL is a registered unit under STPI and extends back office support services to healthcare providers and payers in North America. KIPL offers services in the field of Medical Transcription, Medical Coding and Medical Billing. KIPL delivers its services predominantly to content aggregators in North America. It operates the process on behalf of the client on the client's process and technology. KIPL has installed capacity of approximately 450 workstations, or seats, that operates on an uninterrupted 24/7 basis and capacity that can be staffed on a three-shift per day basis. KIPL has its delivery and quality assurance centres which will open in 3 cities in India which are fully operational. It is estimated that the cost of acquisition of KIPL would be Rs. 600 lacs

2. Setting up of Overseas Marketing Offices

Info-drive proposes to set up overseas marketing offices in the target markets viz; Singapore, Malaysia, Middle East and North America. These offices would primarily be involved in marketing functions and also by doing any onsite development and implementation. The major benefit of these offices is that Info-drive will be able to extensively target, acquire and service new customers for the services it is proposing to offer as well as creating opportunities for diversifying into newer domains. The expenses that would be incurred on these offices over a period of one year has been taken as a part of the cost of the project.

The details of the expenses are given below:

(Rs. in lacs)			
Particulars	Salaries	Other Expenses Per Annum	Total Per Annum
USA			
Sunnyvale			
Vice President - Marketing			
Sales executive			
	52.94	9.77	62.71
Detroit			
Vice President - Sales			
Sales executive			
	55.59	10.82	66.42
New York			
Sales executive	21.18	11.35	32.53
SINGAPORE			
Business Development Manager	20.52	8.55	29.07
DUBAI			
Business Development Manager	10.01	5.81	15.83
MALAYSIA			
Kuala Lumpur			
Business Development Manager	18.72	14.71	33.43
Deposit for Malaysia		10.00	10.00
			249.98
Total (INR)	178.97	71.01	(say Rs. 250 lacs)

3. Meeting working capital requirements

The working capital requirements of the Company are expected to significantly increase in phases due to an increase in its volume of the business and hence, there is a need to infuse long-term funds to meet working capital requirements. The following table gives the projected working capital requirement after the achievements of the objects of the issue for the financial year 2007-08.

Particulars	Basis of estimation & assumptions	Estimates (Rs. in lacs)
Sundry Debtors	3 months	1870
Cash & bank balances	-	262
Advances	-	100
Gross Current Assets (A)		2232
Less: Current Liabilities & Provisions		
	1 month	524
Advances	1.5 months	808
Gross Current Liabilities (B)		1332
Working Capital Gap to be funded by the issue (A) – (B)	Total	900



4. Meeting the expenses of the Issue

The Rights Issue expenses are estimated to be Rs.70 Lacs. Breakup of the expenses is given below:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Fees to the intermediaries	50.00
2	Printing & Stationery and Postage expenses	7.00
3	Advertisement	10.00
5	Miscellaneous Expenses	3.00
	Total	70.00

SCHEDULE OF IMPLEMENTATION

The schedule of implementation and the progress made so far is given below:

Nature of Work	Commencement	Completion
Process of acquisition of companies / businesses/ products/ services	December,2006/January 2007	August/September 2007
Setting up of Overseas Marketing Offices	May, 2007	September, 2007
Meeting WorkingCapital requirements	August, 2007	September, 2007

INTERIM USE OF FUNDS

The Management in accordance with the policies established by the Board will have flexibility in deploying the proceeds received from the issue. Pending utilization of the proceeds of the issue, for the purposes described above, the company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investment would be in accordance with the investment policies approved by the Board of Directors from time to time.

E. BASIS FOR ISSUE PRICE**Quantitative Factors (based upon adjusted Profit and Loss Account)****1. Earnings Per Share (EPS)**

Year	EPS (Rs.)	Weight
31/03/2004	(0.41)	1
31/03/2005	(0.24)	2
31/03/2006	(0.29)	3
Weighted Average	(0.29)	

The Company for the 9 months period ended 31/12/2006 has turned around and reported profit of Rs. 1.49 lacs resulting in an EPS of Rs. 0.03.

2. Price Earning Ratio (PE)

Since EPS is negative for the period ended 31/03/2006 PE ratio has not been computed.

3. Return on Networth (RONW)

Year	RONW (%)	Weight
31/03/2004	(36.00)	1
31/03/2005	(24.00)	2
31/03/2006	(41.00)	3
Weighted Average	(34.50)	

RONW as on 31/12/2006 is 4.00%

4. Minimum RONW required to maintain pre-issue EPS

The pre-issue EPS as on 31/03/2006 is negative hence minimum Return on Networth required to maintain pre-issue EPS has not been computed.

5. Net Asset Value (NAV)

NAV (Rs.) (pre issue)	0.71
NAV (Rs.) (post issue)	9.75

6. Industry P/E Ratio

Name of the Company	P/E Multiple
Highest (Financial Technologies)	117.65
Lowest (Computech International)	3.11
Industry Average	23.80
<i>Source: Capital Market- May 07 - 20, 2007 and www.bseindia.com</i>	



7. Comparison with Peer Group

The comparable ratios of the companies which are to some extent similar in business are as given below:

Name of the Company	EPS (Rs.)	PE (based on price as on 16/05/2007)	Return on Networth (%)	Net Asset Value (Rs.)
Industry				
3i Infotech	6.80	47.36	18.30	64.20
Datamatics Tech.	4.80	7.67	9.70	55.10
Hinduja TMT	15.60	47.64	7.4	229.00
Megasoft	10.30	9.22	44.80	86.10
Financial Technologies *	9.90	117.65	32.20	34.20
Computech International *	0.90	3.11	2.30	40.10
<i>Source: Capital Market- May 07 - 20, 2007 and www.bseindia.com</i>				
Info-drive Software Limited	0.04 (Annualized)	393.75	4%	0.74

The EPS, Return on Networth (%) and Net Asset Value (Rs.) of Info-drive Software Limited are calculated as per the audited results of Dec. 2006. The size of the companies included in the above table are also not comparable with the Issuer company

* The names of these companies have been included since they represent the highest and the lowest industry PE. The business of these companies are not directly comparable to the business of Info- Drive.

The Company is repositioned after the entry of BITECH wherein critical inputs are being provided. After the substantial acquisition the proper business model is in place. As a result, as on 31/12/2006 the company has positioned a profit. The Issue Price of Rs. 12/- per share is 1.2 times the Face Value of Rs.10/- per share of the Equity Shares being issued. The offer price is at 27.27% discount to the present market price of the shares of the Company (i.e.Rs.16.50 as on 17/05/2007 i.e. ex-right). Considering the above qualitative and quantitative factors, the issue price of Rs.12/- per equity share is justified.

F. TAX BENEFIT STATEMENT

We hereby report that the enclosed **annexure** state the possible tax benefits available to Info-drive Software Limited (the "Company") and its shareholders under the current direct tax laws as amended by Finance Bill 2006. Several of these benefits dependent on the company or the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the company and its shareholders to derive the tax benefits is dependent upon such conditions, which based on business imperatives, company may or may not choose to fulfill. The benefits discussed below are not exhaustive.

This statement is intended to provide only general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequence and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

The company or its shareholder will continue to obtain in the future or
The conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on the information, explanations and representations obtained from the company and on basis of our understanding of the business activities and operations of the company and the interpretation of current tax laws as amended by Finance Bill 2006.

For **K.S.Reddy Associates**
Chartered Accountants

S/d/-

K.Subba Reddy (Proprietor)
M.No.208754
24th January 2007



ANNEXURE - STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

A. Benefits available to the company under the Income-tax Act, 1961

- 1. Brought forward losses:** The Company has carried forward losses on account of business and depreciation losses. The business losses can be adjusted against the profits of the company for the subsequent eight years and the depreciation losses can be set off against the future profits without any time limit.
- 2. Expenditure on Scientific Research:** In accordance with and subject to the provisions of section 35(2AB), the company would be entitled to deduction in respect of expenditure incurred on scientific research (not being expenditure in the nature of cost of any land or building) related to the business, to the extent of one and one half times of the expenditure so incurred.

B. Benefits available to:

I. Resident Shareholders:

- 1. Income of a minor exempt up to certain limit:** Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 641A of the Act, will be exempt from tax to the extent of Rs.1,500/- per minor child.
- 2. Dividends exempt under section 10(34):** Dividends (whether interim or final) declared, distributed or paid by the company for the any assessment year commencing on or after 1st April 2003 are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act, if the same is subject to distribution tax under section 115O of the Act.
- 3. Computation of Capital Gains :** Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. As per the provisions of section 112(1) of the Act, long term capital gains as computed above would be subject to tax at the rate of 20 percent (plus applicable surcharge). However as per the proviso to section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge). Gains arising out of short term capital asset are currently chargeable at 30 percent (plus applicable surcharge). However as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company listed on a recognized stock exchange or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge), in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.
- 4. Exemption of long term capital gains from income-tax:** As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund is exempt from income tax in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.
 - Long term capital gain arising from transfer of an “eligible equity share” in a company purchased during the period 1st March 2003 to 29th February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.

Eligible equity share means:

- any equity share in a company being a constituent of BSE-500 index of the Stock Exchange, Mumbai as on the 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on

- a recognized stock exchange in India.
 - an equity share in a company allotted through a public issue on or after 1 March 2003 and listed in a recognized stock exchange in India before the 1 March 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares, which satisfies the following conditions.
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public
 - Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of share of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares are used for purchase of a residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
 - In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transaction entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head “profits and gains of business or profession” arising from taxable securities transaction. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

II. Non Resident Indian Shareholders:

1. **Income of a minor exempt up to certain limit:** Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 641A of the Act, will be exempt from tax to the extent of Rs.1,500/- per minor child.
2. **Dividends exempt under section 10(34):** Dividends (whether interim or final) declared, distributed or paid by the company for the any assessment year commencing on or after 1st April 2003 are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act, if the same is subject to distribution tax under section 115O of the Act.
3. **Computation of Capital Gains :** Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Gains arising out of short term capital asset are currently chargeable at 30 percent (plus applicable surcharge). However as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company listed on a recognized stock exchange or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge), in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.

4. Capital gains tax – options available under the Act:

A. Where shares have been subscribed in convertible foreign exchange – Option available under Chapter XIIA of the Act under section 115-I of the Act, the non-resident Indian shareholder has an option to



be governed by provisions of Chapter XIIA of the Income Tax Act, 1961, viz. “Special provisions relating to certain incomes of non-residents” which are as follows.

- As per the provision of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company’s shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge) without indexation benefit.
- Under provision of Section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non resident Indian from the transfer of the shares of the company subscribed to in convertible foreign exchange shall be exempt from tax, if the net consideration is invested in specified assets within 6 months from the date of transfer. In only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within 3 years from the date of their acquisition.
- As per the provisions of Section 115G of the Act, Non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.
- Under section 115H of the Act, where the Non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the Act, a non-resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for the assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for the assessment year will be computed in accordance with the other provisions of the Act.

B. Where the shares have been subscribed in Indian Rupees

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

Under section 112 of the Act and other relevant provisions long term capital gains (i.e. if the shares are held for a period exceeding twelve months) (in cases not covered under section 10(38) of the Act) arising on transfer of shares in the company, shall be taxed at the rate of 20 percent (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10 percent (plus applicable surcharge) without indexation, at the option of the share holder, if the transfer is made after listing of shares.

- 5. Exemption of long term capital gains from income tax:** As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund is exempt from income tax in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.

Long term capital gain arising from transfer of an “eligible equity share” in a company purchased during the period 1st March 2003 to 29th February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.

Eligible equity share means:

- any equity share in a company being a constituent of BSE-500 index of the Stock Exchange, Mumbai as on the 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India.

- an equity share in a company allotted through a public issue on or after 1 March 2003 and listed in a recognized stock exchange in India before the 1 March 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares, which satisfies the following conditions.
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public
 - Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of share of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares are used for purchase of a residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
 - In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transaction entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head “profits and gains of business or profession” arising from taxable securities transaction. As such, no deduction in respect of in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.
- 6. **Provisions of the Act vis-à-vis provision of the tax treaty:** As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

III. Benefits available to other non-residents

1. **Income of a minor exempt up to certain limit:** Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 641A of the Act, will be exempt from tax to the extent of Rs.1,500/- per minor child.
2. **Dividends exempt under section 10(34):** Dividends (whether interim or final) declared, distributed or paid by the company for the any assessment year commencing on or after 1st April 2003 are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act, if the same is subject to distribution tax under section 115O of the Act.
3. **Computation of Capital Gains :** Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. As per the provisions of section 112(1) of the Act, long term capital gains as computed above would be subject to tax at the rate of 20 percent (plus applicable surcharge). However as per the proviso to section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge).

Gains arising out of short term capital asset are currently chargeable at 30 percent (plus applicable surcharge). However as per section 111A of the Act, short term capital gain arising from transfer of an



equity share in a company listed on a recognized stock exchange or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge), in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.

- 5. Exemption of long term capital gains from income-tax:** As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund is exempt from income tax in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.
- Long term capital gain arising from transfer of an “eligible equity share” in a company purchased during the period 1st March 2003 to 29th February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.

Eligible equity share means:

- any equity share in a company being a constituent of BSE-500 index of the Stock Exchange, Mumbai as on the 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India.
- an equity share in a company allotted through a public issue on or after 1 March 2003 and listed in a recognized stock exchange in India before the 1 March 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares, which satisfies the following conditions.
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public

Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of share of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares are used for purchase of a residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

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

IV. Benefits available to Foreign Institutional Investors (“FII’s”)

1. Taxability of capital gains

As per the provisions of Section 115AD of the Act, FII’s will be taxed on the capital gains income at the following rates.

Long term capital gains	10 percent
Short term capital gains	30 percent / 10 percent*

* Reduced rate of 10 percent if the transaction of sale is entered into on or after the date on which Chapter VII of

the Finance (No.2) Act, 2004 comes into force; and such transaction is chargeable to securities transaction tax under that chapter.

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

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

2. Exemption of long term capital gains from income-tax: As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund is exempt from income tax in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.

a. Long term capital gain arising from transfer of an “eligible equity share” in a company purchased during the period 1st March 2003 to 29th February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.

Eligible equity share means:

- any equity share in a company being a constituent of BSE-500 index of the Stock Exchange, Mumbai as on the 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India.
- an equity share in a company allotted through a public issue on or after 1 March 2003 and listed in a recognized stock exchange in India before the 1 March 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares, which satisfies the following conditions.
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public

Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of share of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares are used for purchase of a residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

6. Exemption of long term capital gains from income-tax: As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund is exempt from income tax in cases where securities transaction tax has been paid as per Chapter VII of the Finance (No.2) Act, 2004.

• Long term capital gain arising from transfer of an “eligible equity share” in a company purchased during the period 1st March 2003 to 29th February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under section 10(36) of the Act.



Eligible equity share means:

- any equity share in a company being a constituent of BSE-500 index of the Stock Exchange, Mumbai as on the 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India.
- an equity share in a company allotted through a public issue on or after 1 March 2003 and listed in a recognized stock exchange in India before the 1 March 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares, which satisfies the following conditions.
 - the issue is made by a public company formed and registered in India; and
 - the shares forming part of the issue are offered for subscription to the public

Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of share of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares are used for purchase of a residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

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

VI. Benefits available to Venture Capital Companies/Funds: As per section 10(23B) of the Act, all venture capital companies/funds registered with the SEBI of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

VII. Benefits available to the members of the company under Wealth Tax Act, 1957: Shares of the company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and hence in this respect, Wealth Tax will not be applicable.

Note:

- All the above benefits are as per the current tax laws as amended by Finance Act, 2006
- The stated benefits will be available only to the sole/first name holders in case of shares held by joint holders.
- in respect of non residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidable Agreements, if any, between Indian and the country in which the non resident has fiscal domicile.
- in view of the individual nature of tax consequences, each investor is advised to consult his or her own tax advisor with respect to specific tax consequence of his or her participation in the scheme.

V. ABOUT THE ISSUER COMPANY

A. INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally 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. Although the Company believes industry, market and government data used in this Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed to be reliable, have not been verified by any independent agencies.

MACRO VIEW OF IT & BPO OFFSHORE OUTSOURCING INDUSTRY

INDUSTRY AND MARKET DATA

Industry and market data used throughout this offer document were obtained through company research, surveys and studies conducted by third parties, and industry and general publications. The information contained in the joint report, or the NASSCOM-McKinsey report, published by the National Association of Software and Service Companies, or NASSCOM, and McKinsey & Company, or McKinsey, in December 2005, is based on studies and analysis of surveys of business process outsourcing service providers and customers conducted by McKinsey

IT and BPO are among the fastest growing segments in the Global Economy having the potential to generate foreign exchange earnings, high quality employment and also contribute to productivity of the economy. According to a February 2003 Gartner report- worldwide IT services spending is expected to grow from \$556.9 billion in 2002 to \$736.7 billion by 2006. The investment opportunities having high yield potential in the IT and BPO sectors, are from the BFSI, Finance and Accounting, Healthcare among many others.

The NASSCOM-McKinsey report estimates that the offshore BPO industry will grow at a 37% compound annual growth rate, from \$11.4 billion in fiscal 2005 to \$55.0 billion in fiscal 2010. The report estimates that India-based companies accounted for 46% of offshore BPO revenue in fiscal 2005 and that India will retain its dominant position as the most favored offshore BPO destination for the foreseeable future. It forecasts that the Indian offshore BPO market will grow from \$5.2 billion in revenue in fiscal 2005 to \$25.0 billion in fiscal 2010, representing a compound annual growth rate of 36.9%. The report and the data within the report are based on studies and analysis of surveys of BPO service providers and customers conducted by McKinsey & Company.

The North American market is the largest outsourcer of business process services followed by Japan and the EU (principally the United Kingdom). The U.S. market accounts for more than 70 percent of the global BPO market and 80 percent of India's business process outsourcing business

India's sunshine sector (Source; www.ibef.org)

The ITES industry in India continues to chart double-digit growth and is expected to grow to US\$ 53 billion by the end of calendar year 2008, says an IDC study. It will witness a compounded annual growth rate (CAGR) of 23.1 per cent till 2008, with exports growing by 25.3 per cent and the domestic market by 18.5 per cent. With growth in the sector being stupendous, the average increase in salary levels in the ITeS sector is between 16 per cent and 18 per cent. With India holding on to its position as the most favored Offshoring destination, CRIS INFAC expects export revenues of the ITeS industry to grow at a CAGR of 30 per cent to reach \$19.8 billion in 2009-10. (Source: www.crisil.com)

The share of the Indian IT and ITES industries in the GDP will increase from 1.4 percent (in 2001) to 7 percent by 2008. (Source: www.savitr.in). Moreover, the analysis predicts that it will contribute 19 percent of incremental GDP growth between now and 2008.



The following facts point to the developments taking place in the ITES-BPO space:

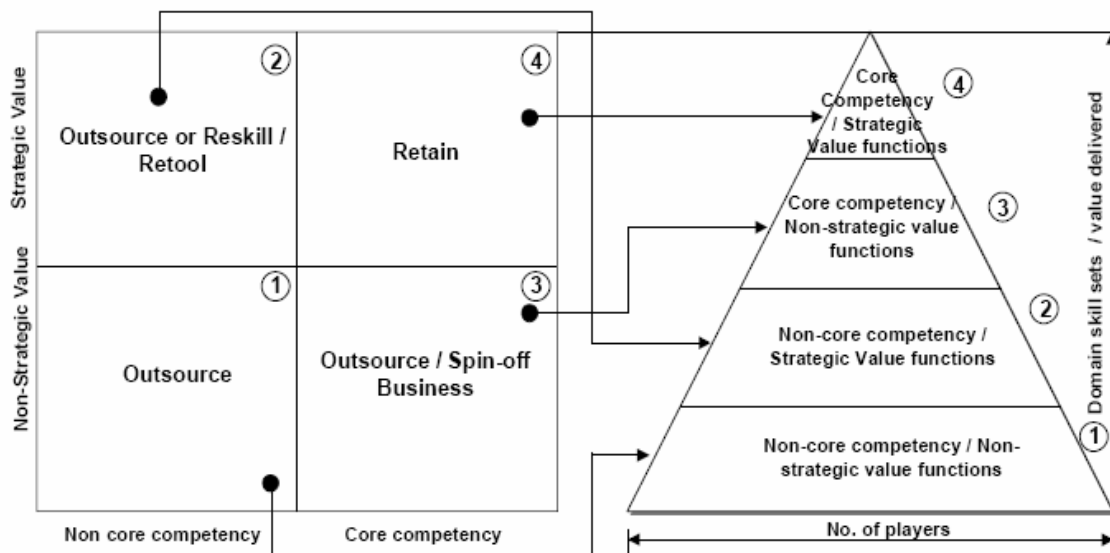
- According to the National Association of Software Services Companies (Nasscom) annual survey, business is booming on the Indian IT-ITeS front.
- The Indian IT-ITeS industry has recorded revenues of US\$ 23.6 billion in FY 2005-06, as compared with export revenues of US\$ 17.7 billion in FY 2004-05, a remarkable 33 per cent growth in exports.
- FY 2005-06 also saw the overall Indian IT-ITeS industry (including domestic market) growing by 31 per cent, registering revenues of US\$ 29.6 billion, up from US\$ 22.5 billion in 2004-05
- By the year 2008, the segment is expected to employ over 1.1 million Indians, according to studies conducted by NASSCOM and leading business Intelligence Company, McKinsey & Co. Market research shows that in terms of job creation, the ITES-BPO industry is growing at over 50 percent.

(Source: <http://www.india-now.org>)

Key Growth Drivers

According to NASSCOM, the high performance of the IT-ITES sector was in large part due to factors such as the emergence of a more efficient global delivery model, the unbundling of large IT outsourcing deals with larger India-based delivery shares, and the bagging of large contract by the country's players. Globally businesses are outsourcing a growing proportion of their business processes to streamline their organizations, focus on their core operations, benefit from best-in-class process execution and increase shareholder returns. More significantly, many of these businesses are outsourcing to offshore locations such as India to access a high quality and cost effective workforce coupled with scalable delivery model. Some of the other performance drivers were ever-deepening customer relationships, cross border mergers and acquisitions, the move of the industry towards consolidated vendor base.

Indian IT and ITES companies have moved up the value chain and have expanded their product and service portfolios gravitating towards higher value processes and achieving increased traction in engineering and product development services. India's edge in the off shoring domain was based on factors such as availability of people's skills, a conducive business environment, focus on information security and operational excellence by leading IT-ITES vendors and relevant financial structures.



Source : Business Consulting Group Analysis

The Indian information technology enabled services (ITeS) industry is poised to touch \$ 26 billion by 2009-10 and \$ 10 billion by 2006-07, according to credit rating agency ICRA. ICRA, in its latest research report had said that with the global ITeS industry is expected to maintain a healthy growth rate over the medium term, corporations are expected to continue outsourcing many of their labour-intensive business process service tasks to developing

countries like India to gain cost savings and quality advantages. The report said that demand growth in the ITeS industry is likely to be export-led, with the domestic market also expected to grow at a rate in excess of 50 per cent. Source: www.economicstimes.indiatimes.com

ITES Segmentation:

The ITES-BPO market is segmented along the lines of customer care, finance, HR, payment services, administration and content development. ITES-BPO companies are offering customers a range of outsourced services including customer care, Web sales/marketing, billing services, database marketing, accounting, transaction document management, transcription, telesales/telemarketing, tax processing, HR hiring and biotech research.

Core Competencies

Sub-segments Of The Indian BPO Industry

Customer Care	Telesales/marketing, in-bound call centre, support services etc
Finance	Accounts receivables/payables, transactions, high-end financial services etc
Human Resources	Benefits administration, payroll services, record management etc
Payment Services	Cheque processing, debit/credit card services etc
Administration	Tax processing, claims processing etc
Content Development	Engineering, research, animation, consultancy etc
Healthcare	Claims processing, medical coding, medical transcription, medical billing

Source : NASSCOM

The ITES market is segmented along the lines of ownership: According to McKinsey & Co., both the captive and third party markets are expected to witness growth and market share expansion. While the existing captive units, bolstered by their success will scale their operations and move further up the value chain, other global players, encouraged by the performance of their contemporaries and the potential of the Indian ITES market will foray the Indian market through partnerships with third party ITES players. At a later stage some of these companies may opt for a direct presence, they are likely to make an entry through third party players.

BUSINESS PROCESS OUTSOURCING:

In the global market for technology services, offshore outsourcing has been a key driver of growth. According to the NASSCOM-McKinsey Report 2005, the addressable market for global offshoring exceeds US\$300 billion. Of this, the addressable market for global BPO industry is estimated to be approximately US\$120 billion to US\$150 billion. Business intelligence analysts the world over have declared the ITES-BPO market to be one of the fastest growing segments within the IT industry. (Source: www.kpmg.de). The ITES-BPO industry, which notched up revenues of around US\$ 773 billion in 2002, is expected to step up turnover to over USD 1 trillion by 2006, recording a CAGR of 8.6% during the 2002-06 period. The NASSCOM report has identified ITES-BPO segment as a major opportunity area with financial services and healthcare expected to witness strong growth.

INDUSTRY OVERVIEW OF OUR SERVICE OFFERINGS

Software for Islamic Banking

Islamic Banking Institutions worldwide have grown at a remarkable pace since the inception of the first such institution in Malaysia three decades ago. According to a study by the International Monetary Fund, the number of Islamic institutions rose from 75 in 1975 to over 300 in 2005, in more than 75 countries. Total assets worldwide are estimated at \$250 billion, and growing at about 15 percent per annum. However, the size of Islamic banking assets of US \$250-300 billion should be considered in perspective. (Source: www.freemuslims.org)

Islamic banking is expanding beyond Arab and Muslim countries. Islamic banking is active in 6 of the 10 ASEAN countries viz. Malaysia, Singapore, Indonesia, Brunei, Thailand and Philippines. Malaysia has established itself as the hub of Islamic banking in Asia. This has been a compelling reason for multinational banks to open their Islamic Banking Asian head office in Malaysia. Islamic banking industry is the fastest growing industry segment today.



The Islamic financial industry in Malaysia has experienced rapid transformations particularly in the past ten years. The Malaysian Islamic banking system registered strong performance with higher profitability and positive trends in all key indicators. The operating environment of Islamic finance in Malaysia has also evolved dramatically. Technology is facilitating new ways of working with customers to leverage information and knowledge to meet their customers' needs.

The robust growth of Islamic finance industry today augments the collaborative efforts within the industry to move in tandem to strengthen the position of Islamic finance in Malaysia. As Islamic banking and finance in Malaysia journeys towards global integration and international acceptance, there are key areas in the banking industry that needs to be enhanced to progressively support future development moving forward. This essentially means that their current systems do not include all the necessary features to implement Islamic banking, with manual adjustments still being required. It is imperative that the approaches adopted to be dynamic and innovative so as to ensure consistency and relevancy with the rapid development of the industry

The Islamic Banking and Finance Industry is now looking at fully fledged Islamic Core Banking solution with all required vertical applications and delivery channels practically from a single vendor .The differentiating capabilities go beyond just providing Integrated Islamic Banking System Solution but a follow on system that upgrades to support the subsequent growth of financial institution's long term business needs.

Currently, the Islamic banking software space in Malaysia is largely shared by three companies, namely Silverlake, Infopro and Microlink.

The company's target markets are Malaysia, Indonesia and the Middle East. In Indonesia last year, Islamic banking accounted for only 3% of the banking business, whereas in the Middle East, it accounts for around 33%. Thus, there is still very much room for growth. Source: www.malaysianislamicfinance.com

As part of growth strategy in the Islamic Banking space, we plan to focus on the turnkey project implementation aspects of the business which would mean clients expecting us to handle the Infrastructure (including Data center management) elements as well. There exists a huge opportunity for us to foray into this segment using the Islamic Banking project as an entry vehicle.

Business Process Outsourcing

Financial Services BPO

The global Finance and Accounting Outsourcing (FAO) market is predicted to grow in excess of 30 percent in 2007 as the global infrastructure matures to enable F&A solutions that take advantage of low-cost offshore talent and robust supplier process offerings underpinned by F&A technology, according to a new report released today by the Everest Research Institute. The global FAO market has grown by more than 45 percent since the beginning of 2005 and reached \$2 billion in expenditures in the United States last year, according to the Institute's Finance & Accounting Outsourcing (FAO) Annual Report 2006.

The finance services market has shown rapid growth and is expected to create significant opportunities for Indian ITES-BPO players. The size of the market is estimated to have expanded from US\$ 510 million in 2002-03 to US\$ 820 million in 2003-04—a growth of 70 percent. Finance and accounting outsourcing is on a fast track growth rate. IDC estimates the market will be almost \$65 billion in three years. According to IDC, a research firm in Framingham, Massachusetts. IDC estimates this segment will reach almost \$65 billion by 2006, a 12.3 percent, five-year annual compounded growth rate. (Source: www.mansal.com)

Finance and accounting outsourcing is moving along the value chain from transaction processing to business transformation. Companies realized business process outsourcing can provide a successful road map for process reengineering that will add up to greater profitability. The traditional ITES-BPO offerings for this segment include billing, accounting transactions, general accounting, tax consulting and compliance, risk management, financial reporting and analysis, a number of Indian service providers have also moved into the highest-end of the value chain with services such as equity research and insurance claims processing.

Pension Administration BPO:

US\$5.3 trillion is the estimated size of the North American Pension Industry. Potential savings could amount to US\$26.5 billion per annum. To put this in perspective at an individual plan sponsor level, savings of approximately \$5 million per annum exist for every \$1 billion in pension assets managed. Among Defined contribution (DC) plan, 401(k) plans have become the most common, serving 47 million active participants and holding \$2.4 trillion in assets at year-end 2005 (Figure 1).¹ In just the last 15 years, mutual funds have become a primary provider of 401(k) plan investments, with the share of employer-sponsored 401(k) plan assets held in funds increasing from 9 percent in 1990 to 51 percent at year-end 2005. As of the most recent data available from the IRS there are 1.3 million active plans each of which requires a series of administration functions.

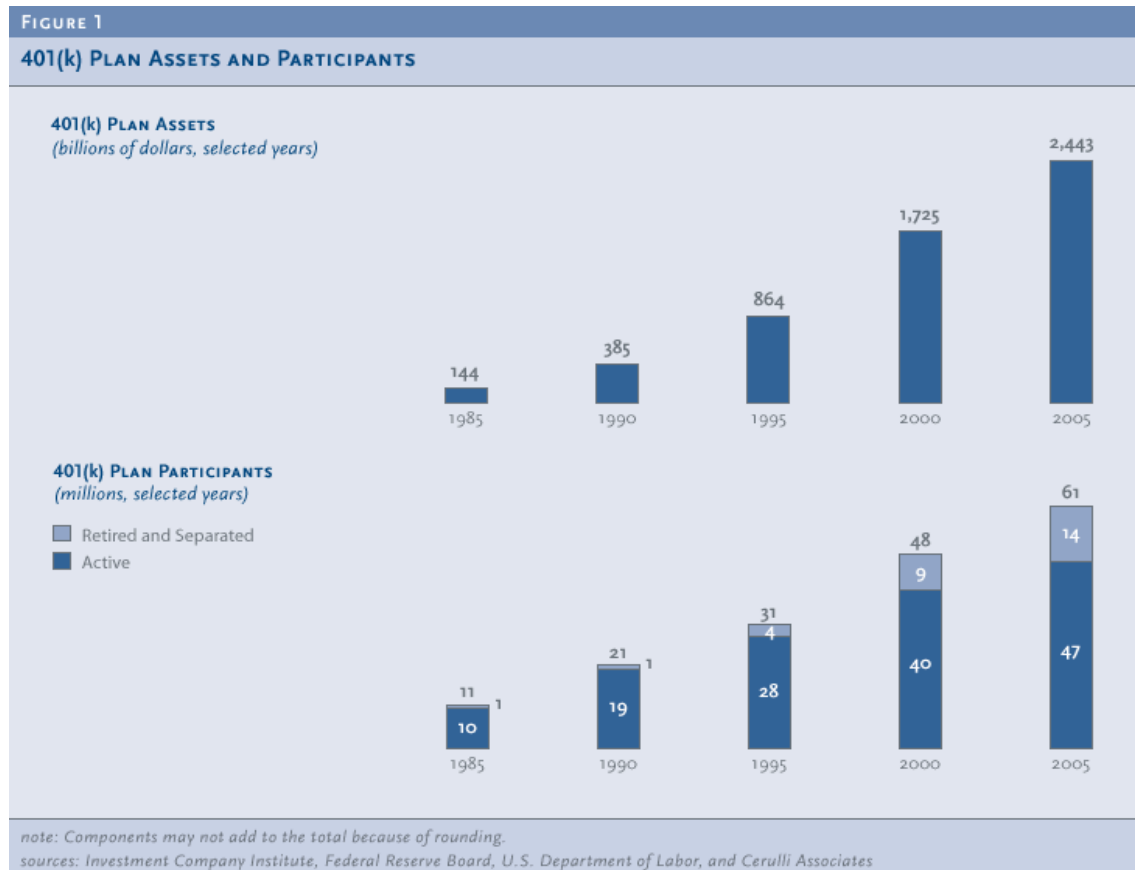


Figure1:

The costs of administrative functions are increasing at an astronomical rate, even though automation has helped to some extent. Maintaining profitability in this environment is equally challenging. While plan sponsors and Pension Administrators are looking to reduce costs as much as possible, they are not easing their demands for new and improved services. Thus, with service demands and competitive pressures increasing and the ability to raise fees limited, the only way service providers can maintain or improve margins is by reducing costs. Hence, Outsourcing this administration to an offshore location by taking advantage of lower-cost labor with proven deliverables in another country/location is the answer for many companies.

The market opportunity

As of the most recent data available from the U.S. Internal revenue Service there are 1.3 million active plans each of which requires a series of complex administration. According to the 2005 *Employee Benefit News/Forrester Research Benefits Strategy and Technology Study*, 67% of employers outsource 401(k) administration to third party /



intermediaries, making it by far the most commonly outsourced benefit process. This 401(k) outsourcing trend is most pronounced among the largest employers; 84% of companies with more than 1,000 employees outsource 401(k) administration, compared to 65% of companies with employees between 250 and 1,000 and 58% of companies with less than 250 employees. The survey data also reveals that it is a mature market: only four percent of employers are investigating this option and another two percent plan to outsource 401(k) administration in the near future. (Source: www.benefitnews.com)

Healthcare BPO:

Healthcare spending in the United States soared to \$ 1.42 trillion dollars in 2002. According to market intelligence firms, the US Healthcare industry spends close to US\$ 40 billion during 2003. (Source: www.indconjoburg.co.za). The healthcare environment consists of providers and payers of healthcare, which today faces challenges that it has never seen before. The industry is under attack from every possible direction from cost containment, HIPAA (Health Insurance Portability & Accountability Act) compliance, lack of stability, to an uncertain future. After trying various managed care techniques and concepts the onus to contain costs is now on the healthcare consumer. The resulting competition in value chains will have a profound impact on the way healthcare providers focus on strategy and healthcare delivery

The emerging business model is hence going to be one where the US healthcare organization is going to have to concentrate on those business functions which helps differentiate itself from competition and outsource those components which play a supporting role. This approach will allow it to effectively compete and survive in the industry. As per a recently released report “The US Medical Transcription Industry: Perspective on Outsourcing and Offshoring”, medical transcription off shoring from India currently generates US\$195 million in revenues; and is expected to reach US\$647 million by 2010. (Source: www.researchandmarkets.com)

According to the AAMT, the global medical transcription pie is estimated to be anywhere between \$14 billion and \$20 billion, with the US being the largest market (Source: www.aamt.org). The Medical Transcription business volume is growing by 20% every year whereas the availability of Medical Transcriptionist’s is falling by 8%. As a result the companies in US are now Outsourcing the jobs to cater to their ever-increasing demand of quality transcripts. Only 50-60 per cent of the US transcription market gets outsourced from hospitals and clinics, and of that amount approximately 10 per cent is off shored to countries such as India and the Philippines. "Today, India's share is roughly over \$200 million. This means, as an industry, we are capturing less than 2 per cent of the overall size of the US market, but it also shows there is a tremendous opportunity waiting to be tapped," The present market share of the US medical transcription industry is estimated at US \$ 20 billion. The US Bureau of Labor predicts a 51% increase in the need of medical transcriptionists by the year 2008. (Source: www.bls.gov).

Currently, medical transcription offshoring from India generates USD 195 million in revenues; and is expected to reach USD 647 million by 2010. (Source: www.valuenotes.biz)

The key Drivers of Offshore Outsourcing in the above business segments:

With the availability of more and more international bandwidth and advanced workflow management software, it is now possible to disaggregate any business process, implement the sub-processes in different centers around the world, and reassemble it in near-real time, at some remote location. This ability is bringing about fundamental changes in the global IT services market offshore outsourcing continues to gain momentum, turning into a mainstream phenomenon.

The following are the key drivers and secular trends for growth in offshore BPO across the Financial BPO, Pension Administration BPO, Healthcare BPO and F&A processes:

Globalization & Consolidation

As organizations become more global, they are looking at the most efficient, least cost operational model. Mergers & acquisitions also result in redundant back-office processes. The resulting rationalization process, often leads to business functions being consolidated and carried out at the lowest possible cost with the greatest efficiency. Sending back-office transactional functions (which typically do not add value from a business perspective) to countries like India enables them to streamline operations.

Reduce Back-Office Cost Further

Organizations who are already outsourcing business processes to other vendors in the US are investigating the possibility of reducing these costs further. BPO vendors in the US are tying up with other vendors in India and reducing their internal processing costs.

Lower Labour Cost at Better Service Levels

Labor costs in India are substantially lower than those in the US. Hence an offshore BPO initiative results in savings that translate into shareholder value. Moreover, the workforce that carries out back-office processing is more qualified than its western counterpart, this result in higher service levels in terms of accuracy and productivity.

The Pervasive Nature of Technology

The Internet and advances in telecommunication have made it possible to open remote BPO centers half way across the globe. Satellite linkages, E1 Lines, VPNs, etc., are easy to procure and setup. The operating environment is one which provides the same results as if processing was being done in one location and the customer does not notice any difference. The only physical difference, albeit a shrinking one, is that of geography.

Potential to Offer Multiple Choices to Clients

For existing BPO vendors & TPAs, having an offshore processing center or a tie-up with an offshore BPO vendor enables them to go back to their existing clients and offer the same services, with higher service levels and at a lower price point. Some of the larger players are already taking the first mover advantage by going this route. It is only a matter of time before the others follow.

Cost Reduction

BPO service providers are able to spread their costs across clients which enables them to optimise the resources resulting in decreased costs. Apart from this optimisation they also bring process improvements to further reduce the costs. By outsourcing to a favourable destination such as India, the savings in operating costs could be 30% to 40%. In addition, companies can avoid making large, up-front investments in IT infrastructure, thus benefiting from the savings on capital costs too.

Focus on core competencies

Since BPO involves outsourcing non-core processes, companies can concentrate on their core competencies, which could be product development, or design, branding, marketing and distribution etc. The need to focus on one's core competencies is now well accepted and BPO provides another opportunity in line with this. The increased pressure on companies to compress cost and time, made BPO a more attractive option. The shift in thinking of the companies is to retain only core and profitable processes and outsource all others. This helps companies to utilise its capital and resources in the most efficient way, which is necessary for maximising shareholders' wealth.

Improvement in process efficiency and service levels

Process improvement is a continuous affair in BPO companies. In addition, due to the Service Level Agreement (SLA) and the ownership of the process, the customer typically experiences distinct improvement in quality of service.

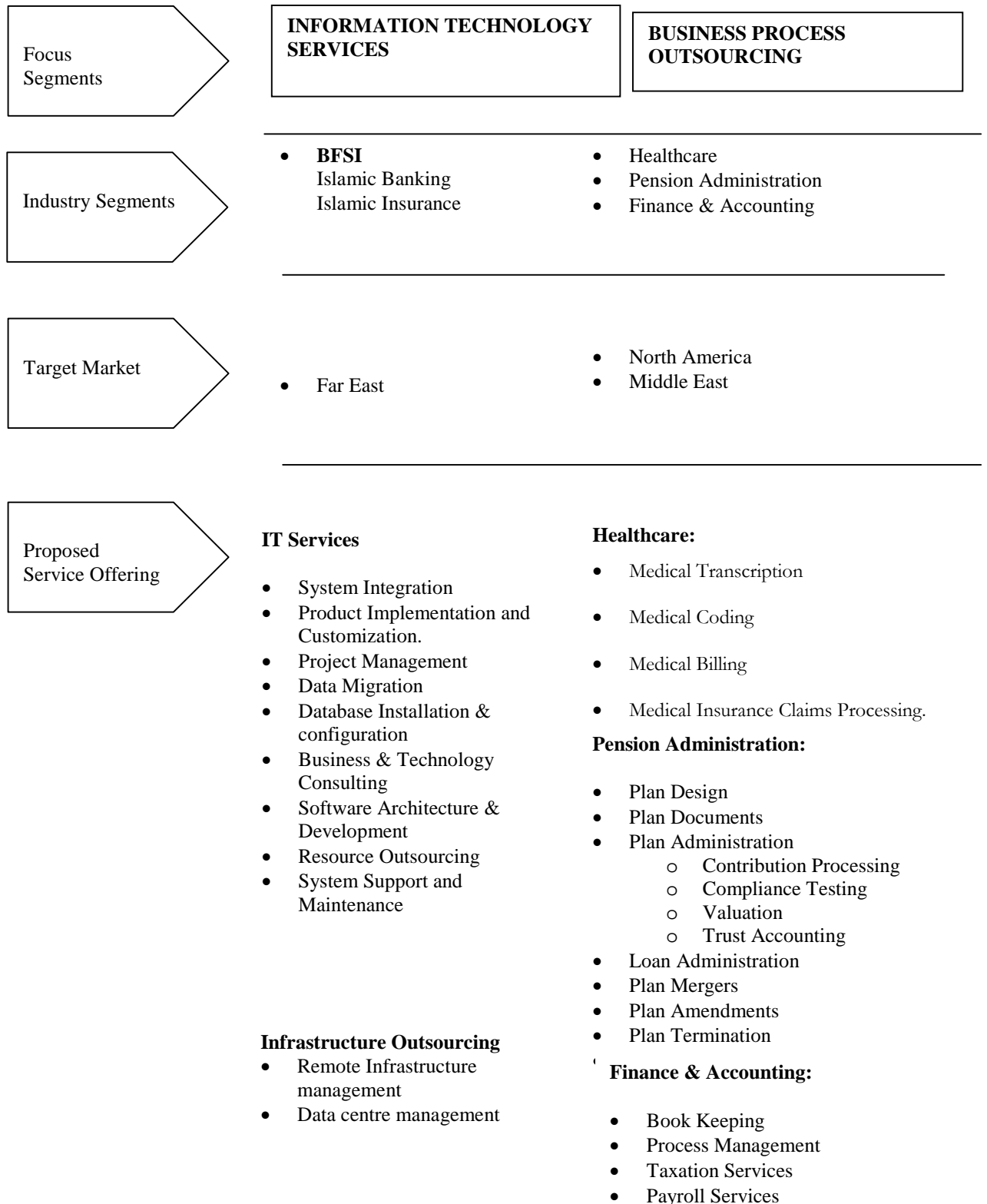
Innovation and Best Practices

There is increased expectation of high growth in outsourcing and this trend is likely to continue for the next ten years to come. Outsourcing of business processes such as payroll has been prevalent for several decades. However, from the mid 1990s onwards the growth of the Internet, development of various communication technologies and more sophisticated enterprise software provided significant momentum to the growth and development of BPO. Technological innovations will continue to drive the growth of BPO. By using BPO, companies can avoid the efforts needed to upgrade the technology associated with business processes and obtain access to the best practices.



B. BUSINESS OVERVIEW- SUMMARY OF SERVICE LINES

The following graphic summarizes the structure of our service offerings:



The company will be segmented into two areas – Information Technology Services (“IT Services”) and Business Process Outsourcing.

IT Services comprise of IT strategic consulting services, Software Architecture, Development & Deployment, Systems Integration, Technology Infrastructure Management and other support services. Our IT Services business unit will offer such services with a strong focus on Islamic Banking and Insurance solutions.

IT Services cover:

- | | |
|---|--|
| 1. System Integration | 6. Business & Technology Consulting |
| 2. Product Implementation and Customization | 7. Software Architecture & Development |
| 3. Project Management | 8. Resource Outsourcing |
| 4. Data Migration | 9. System Support and Maintenance |
| 5. Database Installation & configuration | |

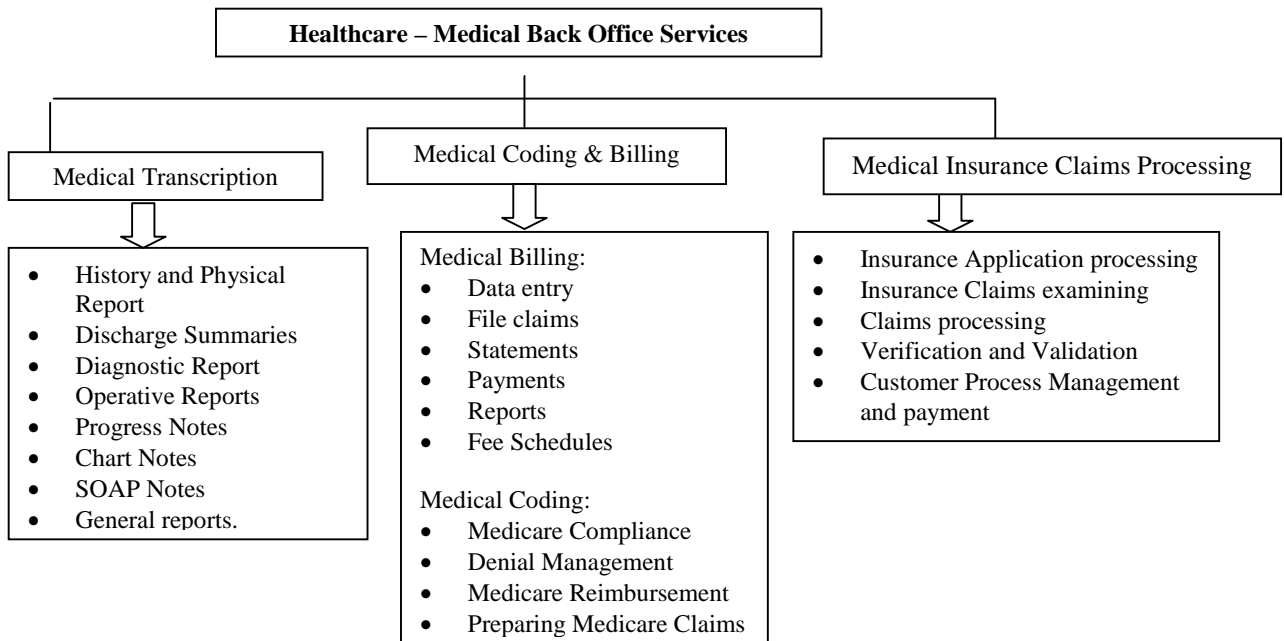
The Company will offer consulting services that cover the complete spectrum of Infrastructure Outsourcing-Data Center Management services that can help our clients capitalize on business opportunities and result in real improvements in profitability.

Our range of IT Enabled Services would include offshore outsourcing services, including Business Process Outsourcing and advisory services. The Company will provide comprehensive data, and analytical services. The business process outsourcing services involve the transfer of select business operations. We intend to provide high quality execution of client processes, monitor these processes against multiple performance metrics, and seek to improve them on an ongoing basis.

Our offshore business process outsourcing services is proposed to be organized into three divisions – Healthcare, Pension Administration and Finance & Accounting.

Healthcare:

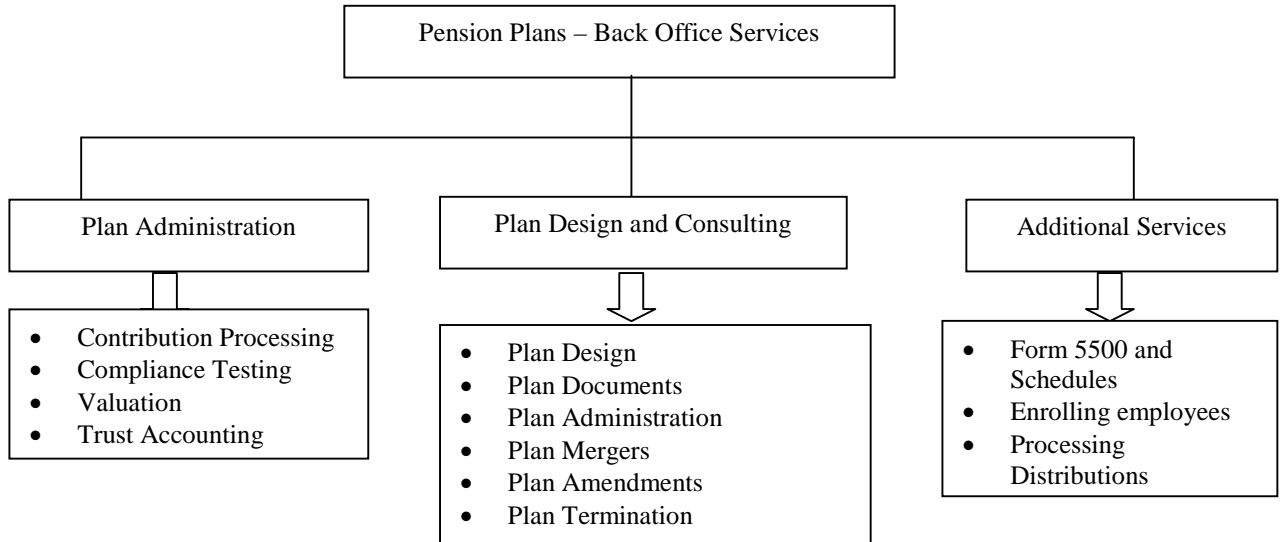
The Company shall provide a host of Healthcare Outsourcing Solutions across the Physician, Dental and Hospital space in US. In the areas of Medical Back office, we will offer an integrated service delivery solution. The following diagram illustrates the services that we will provide:





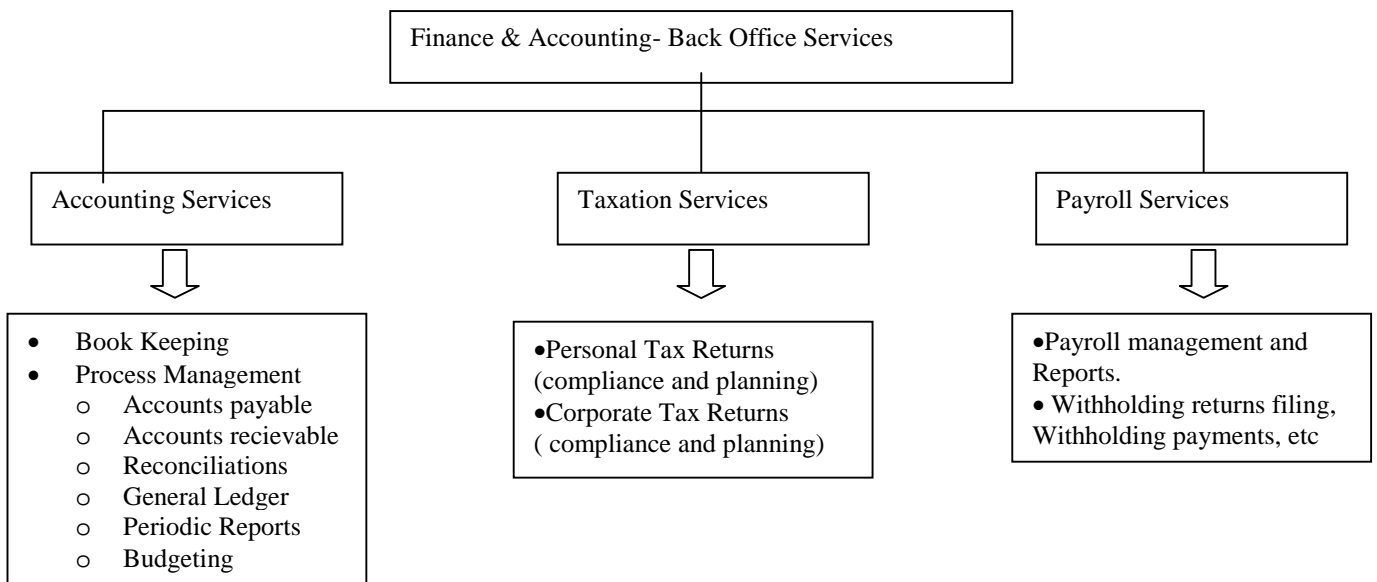
Pension Administration:

The Company will provide end-to-end solutions for Pension Administration services to Intermediaries and Accounting firms in US. Our services include complex and high-end analytics which require specialized skill sets. The Company will employ trained and experienced resources in this area having graduates in statistics, management or accounting, which we believe enables us to bill higher rates for their services. The following diagram illustrates the Pension back Office services we will provide



Finance & Accounting:

Managing efficient accounting processes will be one of our core competencies that we will build. In moving these processes offshore, the client benefits by reducing its operational costs, obtaining quicker turnaround times on transactions, improving accuracy, quality and capacity management, and gaining an ability to focus on its core competencies of customer acquisition.



POSITIONING OF BUSINESS

In August 2006, BITECH acquired stake in Info-Drive and made an open offer in terms of SEBI (SAST) Regulations 1997. The necessary formalities relating to the SEBI (SAST) Guidelines were complied with. Post acquisition of Info-drive, BITECH has focused on the following to restructure the operations:

- Repositioning the business model of the company
- Identified new business avenues in the area of IT services and BPO
- Identified target companies for acquisition
- Signed Non Disclosure Agreement with target companies for total or substantial acquisition of business / companies.
- Expanded the board with professionals of good experience
- Identified overseas marketing centers and personnel to head the same
- Taking active steps to open subsidiaries in US and Singapore
- Strengthening the network

Presently the company is in the process of securing businesses in segments relating to pension benefit industry (U.S), financial accounting and IT consulting. This would improve the working of the company substantially. However the Company has not entered into any tie up or agreement with this regard.

BUSINESS EXECUTION STRATEGY

IT Services:

The company will offer a wide range of banking solution addressed to Islamic Banking principles. We will focus on providing what the customer requires so that the solution that we finally deliver meets the specific needs of the client. We shall provide end-to-end project execution onshore, offshore, or in a hybrid delivery model. Our IT services would span across providing our clients with

- Turn Key Solutions
- Product Development Services
- Project Management
- Expert Consulting
- Training

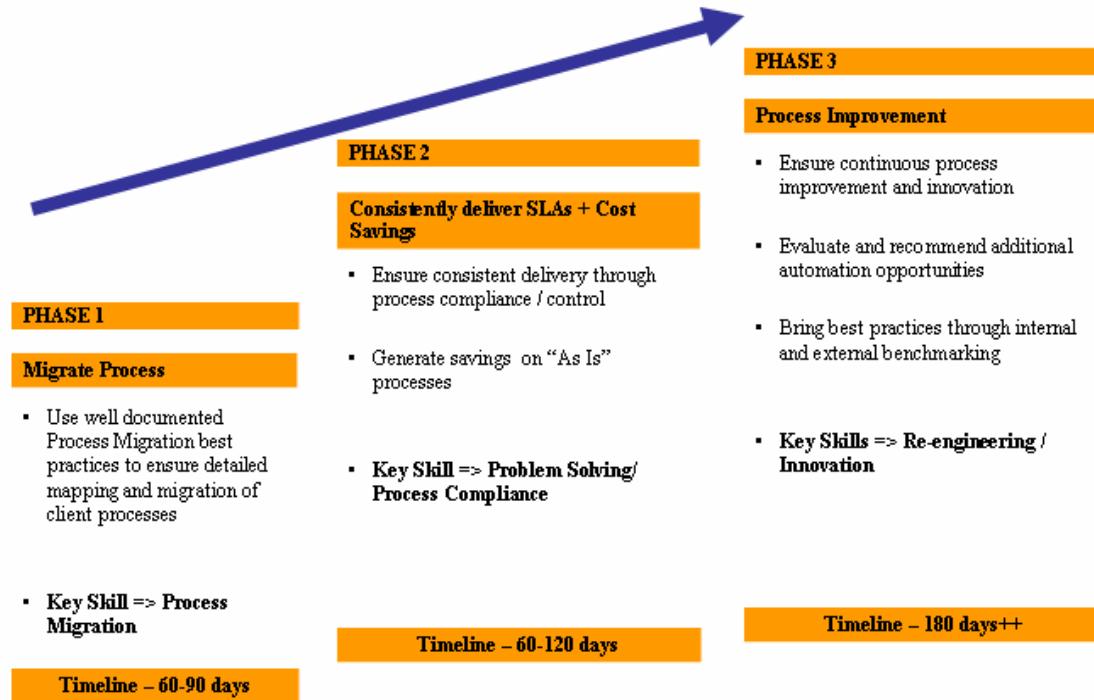
Business Services Provisioning (BSP): where we will take end-to-end responsibility for the process and run it on the gold-standard process and technology, and provide the output in the required format to the clients on a pay-per-drink basis. This enables clients to variablize their costs, maximize efficiency and manage for spikes in business. We will focus on continuous process improvement and cost containment.

In summary, we would execute the business based on the following building blocks-

- (a) Scalable, Flexible business engagement model that aligns with each clients' requirement
- (b) Provide relevant domain expertise, operational maturity and infrastructure facilities to seamlessly transition to offshore
- (c) Exceed the contractual obligations by innovative risk/reward provisions in the business model.
- (d) Invest aggressively and proactively on infrastructure, human capital (mid management professionals), domain experts and inducting other resources for shared service functions like Technology, Information Security, Process Improvement, Compliance etc
- (e) Expand the internal governance through independent board of directors drawn from the industry with strong credentials and track record of thought leadership.
- (f) Well structured Service Delivery Approach that can be institutionalized for predictable business scale up from each client engagement to generate annuity revenue streams.



SERVICE DELIVERY APPROACH



Business Services Provisioning (BSP): where we take end-to-end responsibility for the process and run it on the gold-standard process and technology, and provide the output in the required format to the clients on a pay-per-drink basis. This enables clients to variablize their costs, maximize efficiency and manage for spikes in business. We will focus on continuous process improvement and cost containment.

GROWTH STRATEGY

We will steadily enhance the portfolio of services we offer to address the comprehensive needs of our clients. This will be a result of a mix of organic growth and selective acquisitions in niche areas.

The growth strategy would be built on the following pillars –

a). Pursuing Strategic Relationships and Acquisitions

We will continue to selectively consider strategic relationships with industry leaders that add new long-term client relationships, enhance the depth and breadth of our services or complement our business strategy. We will also selectively consider acquisitions or investments that would expand the scope of our existing services, add new clients or allow us to enter new geographic markets

The underlying theme in all our acquisitions will be:

- 1 Acquisition of additional domain expertise.
- 2 Acquisition of additional geographies and customers.
- 3 Augmenting managerial bandwidth
- 4 Acquisition of specialized players with strong collateral and a promising value proposition that can be taken to market along with our core offerings.

b). Maintaining Our Focus on Large-scale, Long-term Relationships

We expect to maintain our focus on large-scale, long-term client relationships. We believe there are significant

opportunities for additional growth with our existing clients, and we seek to expand these relationships by increasing the depth and breadth of the services we provide. This strategy should allow us to use our in-depth client-specific knowledge to provide more fully integrated BPO services and develop closer relationships with our clients. Working with a small number of large-scale, long-term relationships also allows us to focus on quality and to devote the time and resources necessary to provide savings and process improvements and fully satisfy the needs of our clients.

SALES AND MARKETING STRATEGY

We shall market our services directly through our sales and marketing team, which will operate out of centres in US and India. Our sales, marketing and business development group would be responsible for new client acquisition, client relationship management, public relations and participation in industry forums and conferences. . Our client relationships would typically evolve from a single, discrete process into a series of additional complex, integrated processes across multiple business lines.

Our sales and marketing professionals would operate collaboratively with our business development professionals based in India. Our sales and marketing professionals would focus on identifying, qualifying and initiating discussions with prospective clients, while our business development team would frame services, prepare responses to requests for proposals, host client visits to our facilities and coordinate due diligence investigations into client processes. Each member of our sales and marketing team will have significant experience in offshore outsourcing and expertise in identifying outsourcing opportunities and process migration in the respective sector.

Our sales, marketing and business development group will work actively with our service delivery team as the sales process moves closer to the prospective client's selection of a BPO service provider. The account manager or sales executive will work with the service delivery team to define the scope, services, assumptions and execution strategies for a proposed project and to develop project estimates and pricing and sales proposals. Senior management will review and approve each proposal. The sales cycle varies depending on the type of service required and generally ranges from three months to over six months. The Company will adopt diverse marketing techniques and strategies for each of its business segments, depending on the market scenario and customer requirements.

The division wise details of market reach & presence/approach is given below:

IT Services:

The Islamic Banking and Finance Industry are active in 6 of 10 ASEAN countries viz. Malaysia, Singapore, Indonesia, Brunei, Thailand and Philippines. Malaysia has established itself as the hub of Islamic banking in Asia and hence our sales & marketing team would be based in KL, Malaysia to spearhead the new business acquisition efforts in this segment. The Company expects to have an anchor account to begin with and use that as a referencable showcase to build the credibility, visibility and capability as a dominant market leader in this fast emerging niche industry.

BPO Services:

Business process outsourcing is primarily focused in North America and Middle East. For Healthcare and Pension administration services, the current market target is USA. For Finance and Accounting sector the focus is on both USA and Middle East.

Marketing Strategy:

As a provider of niche IT & BPO services, we will be conscious of the importance of our marketing efforts in facilitating client acquisition. We will have a

- 1 Marketing team of 2-3 led by a dynamic member with experience in IT and ITes industry. This team would develop several initiatives to expand the collaterals, visibility and brand awareness of the company.
- 2 Detailed lead generation system wherein all client interaction can be recorded on a centralized web-based Knowledge Management System.



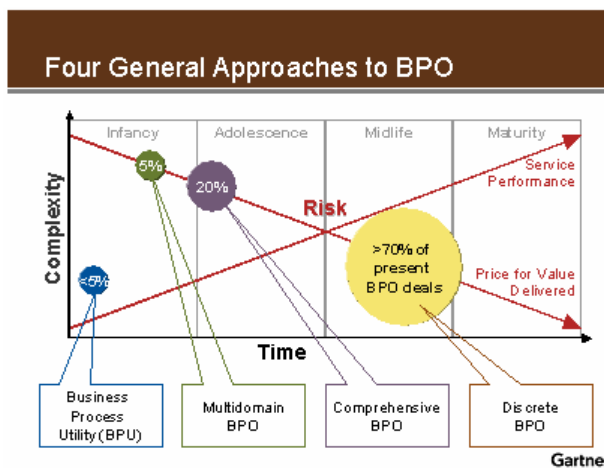
- 3 Information on prospective clients from our internal intelligence efforts as well as external agencies such as information and lead providers.
- 4 Participating & Responding to RFI / RFP's.
- 5 Participating in trade exhibitions and fairs, industry seminar events and exhibiting our gamut of services
- 6 Prospecting Research to provide adequate inputs to the front-end sales teams on approaching the clients.

OUR COMPETITIVE STRENGTHS & POSITIONING FRAMEWORKS:

We believe we have the competitive strengths necessary to maintain and improve our position as a specialized provider of IT & BPO services to the chosen sectors. Our key competitive strengths include:

- Domain Centric Approach
- Presence in Niche Business Segments
- Provider of end to end solution within a given spectrum- this will help the client to have process outsourcing and not activity outsourcing:
- Continuing to Invest in Operational Infrastructure:
- Focus on Complex Processes.
- Strengthen value proposition to customers by moving up the value chain of offerings from IT services to Business & product solutions and enable dynamic synchronization of customer Business strategy and technology:

TARGET MARKET



- INFODRIVE will focus on Discrete BPO space- thru its distinct service offerings for different market segments.
- Market focus on Mid-Market enterprises that are relatively uncontested and easier to penetrate for early growth stage companies like INFODRIVE.

PRINCIPAL COMPETITORS

Competition for each service offering

Competition in the IT and business process outsourcing services industry is intense and growing. We will face competition from onshore and offshore based business process outsourcing companies and from information technology companies. We will face significant competition from U.S.-based and non-U.S.-based outsourcing companies and from our clients, who may perform outsourcing services themselves, either in-house, in the United States or through offshore groups or other arrangements.”

Many companies, choose to perform some or all of their processes internally. Their employees provide these services as part of their regular business operations. Some companies have moved portions of their in-house customer management functions offshore, including to offshore affiliates. We believe our key advantage over in-house business processes would be that we would give companies the opportunity to focus on their core products and services while we would focus on service delivery and operational excellence. We believe that clients who operate a hybrid business model—partnering with external BPO providers while handling other BPO functions in-house—have the opportunity to benchmark the performance of their internal BPO operations against ours.

We expect that competition will increase and potentially include companies from other countries that have lower personnel costs than those currently in India. A significant part of our competitive advantage has historically been a wage cost advantage relative to companies in the United States and Europe and the ability to attract and retain highly experienced and skilled employees. We believe, however, that as a result of rising wage costs in India, our ability to compete effectively will increasingly depend on our ability to provide high quality, on-time, complex services that require expertise in certain technical areas and to expand geographically.

We will position ourselves in the market as a company that provides specialized services to small and mid sized firms which other large players may not be able to provide in such a focused and flexible manner. We do not directly compete with the top companies in our domain in India or in large opportunities where we may be unable to qualify because of the size of our organisation. We will bid for and compete with other mid-sized or specialized companies on mid market accounts. Further, many large corporations do outsource their entire IT or ITES requirements to multiple service providers. Therefore, we will be able to participate in one or more assignment as the secondary service provider in all such multi sourcing, multi vendor initiatives.

Business Process Outsourcing:

The graph below illustrates our prospective direct competitors, who serve the same target market with similar service line.

Type of Competition / verticals	Healthcare	Pension Administration	Finance & Accounting
Service Line	Medical Transcription	Pension Plan Administration	Book keeping, Payroll processing
Major Players	C-Bay	Patni Computers	Wipro Spectramind
	Heartland	Congruent Solutions	Infosys BPO
	HealthScribe	Infosys bpo	Genpact
	Spryance	Satyam- Nipuna	Accenture
	Acusis	Datamatics	
	Focus Infosys		
Emerging Players	Medusind		All Serve Data Systems India Pvt. ltd
	Manjushree Infotech	Madhuvan Infotech Pvt. Ltd	Business Outsourcing India



Type of Competition / verticals	Healthcare	Pension Administration	Finance & Accounting
			Pvt.Ltd
	Seyyone Software Solutions Pvt Ltd		Cygnus Software Pvt.Ltd
	Medi Quest		Datamatics Financial Software Limited
	Saral Software Solutions Pvt Ltd		E Serve International
			Ephinay India Pvt. Ltd

Property

Presently, Info-drive does not own any property and the proceeds of the issue will not be utilized for owning any property.

Lease details

Info-drive has been operating its business through lease / leave and license of the property at its registered office. The terms and conditions of the current/renewed agreement are as given below:

Name of the lessor	BITECH
Date of renewal	15 /02/2007
Period of lease	11 months
Amount of lease rent payable	Rs. 5000 per month

C. HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

BRIEF HISTORY

Info-drive Software Ltd. (INFO-DRIVE) was started by Mr. K. Shivakumar as a proprietary concern in the year 1985 in the name Info-Drive Computer Centre and was later converted into a Private Limited Company on 16/03/1988 under Companies Act, 1956, in the name and style of “Info-drive Computers Private Limited”. It was subsequently converted into a Public Limited Company on 23/12/1994 and a fresh certificate of Incorporation was obtained. The name was later changed to Info-drive Software Limited on 31/01/1995. The company came out with an IPO of 16,50,000 Equity shares of Rs. 10/- each for cash at par through prospectus dated 25/03/1995.

The company first started courses on ‘C’ language. Subsequently the company tied up with educational institutions to offer courses on various computer courses in different languages and also introduced long term diploma courses in 1989. The courses were, Postgraduate Diploma in Computer Programmed, Post Graduate diploma in Advanced Computer Programming, and Post Graduate diploma in Systems Analysis and Computer Programming. During 1991, Info-drive introduced the “*Classmate Series – Physics*” an educational package that ran on IBM PC / Compatibles. In recognition of its efforts in disseminating education and training in computers the company received Government Recognition for Conducting DOEACC – ‘O’ level courses during the same period.

The company started with training and customised software development. On the software front the company switched over to product development in 1995. In 1996-97, the company got into multimedia product development and India’s classical dance- “Bharatanatyam” was chosen as the subject and the product was well received in the market. During 2004 Info-drive developed a site exclusively on Indian dance- Bharatanatyam. (Source: www.thakita.com).

In August 2006, BITECH acquired stake in Info-Drive and made an open offer in terms of SEBI (SAST) Regulations 1997. The necessary formalities relating to the SEBI (SAST) Guidelines were complied with. Post acquisition of Info-drive, BITECH has focused on the following to restructure the operations:

- Repositioning the business model of the company
- Identified new business avenues in the area of IT services and BPO
- Identified target companies for acquisition
- Signed Non Disclosure Agreement with target companies for total or substantial acquisition of business / companies.
- Expanded the board with professionals of good experience
- Identified overseas marketing centers and personnel to head the same
- Taking active steps to open subsidiaries in US and Singapore
- Strengthening the network

Presently the company is in the process of securing businesses in segments relating to pension benefit industry (U.S), financial accounting and IT consulting. This would improve the working of the company substantially. However the Company has not entered into any tie up or agreement in this regard.

MAIN OBJECTS OF THE COMPANY

The main objects of the Company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

1. To design, manufacture, import, export, buy, sell, install, maintain and deal in any kind of personal computers, mini computers and macro computers.
2. To design, manufacture, import, export, buy, sell, install, maintain and deal in any kind of computer peripherals and consumables including key board, printer, Floppy diskettes etc.
3. To act as consultants and render technical and professional services in the field of systems and software



development including developing and trading in common software packages and tailor made software packages.

4. To set up laboratories, purchase and acquire any equipment and instruments for carrying out research for both computer hardware and software development and to assist quality control.
5. To set up training centre to educate and train students and people in the field of Computer Programming languages and to grant such diplomas or recognitions as the company may prescribe from time to time.
6. To set up a centre for processing data of Business and Commercial establishments and other establishments.
7. To setup a Data Bank for trading Management and Statistical information to commercial and other establishments.
8. To set up a centre for rendering maintenance and service for both computer hardware and software and to train personnel for this purpose.

The object clause of the Company enables the Company to undertake the activities for which funds are being raised in the present issue.

Changes in the Memorandum of Association

Change in Authorised Share Capital

The Company was incorporated with authorized share capital of Rs 3 Lacs divided into 30,000 equity Shares of Rs.10/- each. The authorized share capital of the Company was changed from time to time. The present authorized share capital of the Company is Rs.3000 Lacs divided into 3,00,00,000 equity shares of Rs.10/- each.

SUBSIDIARIES OF THE COMPANY:

Presently the Company does not have any subsidiary

SHAREHOLDERS' AGREEMENT

The company has not entered into any shareholders agreement

OTHER AGREEMENTS

Besides agreements entered into during the normal course of business, the Company has not entered into any other agreement.

BREAK UP OF UNSECURED LOANS AS ON 31/12/2007

Particulars	Amount (Rs. in lacs)
Promoters	11.59
Others	30.00
Total	41.59

D. MANAGEMENT

Board of Directors

Name, Age, Designation, Address	Qualifications	Date of Appointment / reappointment	Date of expiration of current term	Other Directorship	Number of shares of Info-Drive held
Mr. K Shivakumar Managing Director, S/o Mr. R . Kolandaivelu 43 years 203/91 V.M Street, Mylapore, Chennai- 600 064	M.B.A (U.S.A- Specialisation in Information Systems)	15/01/2003	14/01/2008	Nil	249090
Mr. V. N. Seshagiri Rao s/o Mr. V. N.Madhava Rao Director 55 years 53, Abhirampuram III Street, Chennai – 600 018	B.Sc., F.C.A	04/09/2006	By rotation	<ul style="list-style-type: none"> • Advent Computer Services Ltd. • Transworld Solutions India Pvt. Ltd. • Trans Car India Pvt. Ltd. • Haja Spinners Pvt. Ltd, • Masha Cables P. Ltd. • Meenakshi Hotels Pvt. Ltd. • Gulf Outsourcing Services P. Ltd. • Bhari Information Technology System P. Ltd. 	14780
Mr. K . Chandrasekaran s/o Late O.V. Kalyanasundarm 44 years Director # 702, Liwa Plaza Off Rigga Road Deira, Dubai UAE	B.Com, ACA	13/02/2007	By rotation	<ul style="list-style-type: none"> • Gulf Outsourcing Services P. Ltd. • Global Offshore Investments ltd. • Kashi Infotech Pvt Ltd. 	2900
Mr. N. T Shivkumar s/o Mr. Thyagarajan 39 years Director No. 43, Strawberry patch lane Stanford CT 06902 ,USA	M.Sc. (Tech)- Industrial Engineer (Engineering Technol BITS, Pilani, India) Advanced Management Development Program from XLRI, Jamshedpur	13/02/2007	By rotation	<ul style="list-style-type: none"> • e-SAI, LLC • CES America Inc 	Nil
Mr. Singanallur Narayanan s/o Mr. Singanallur Ramakrishnan 47 years Director 301 E 79 th Street 14 th New York – 10021	Bachelor of Technology – IIT; MBA ; M.S. in Computer Science	22/12/2006	By rotation	Nil	Nil



Name, Age, Designation, Address	Qualifications	Date of Appointment / reappointment	Date of expiration of current term	Other Directorship	Number of shares of Info-Drive held
Mr. Clark Reiner s/o Mr. John Paul Reiner 43 years Director 546 Fifth Avenue, 14 th floor, New York – 10036	MBA, Finance, from UCLA Business School and holds NSAD licenses	22/12/2006	By rotation	Nil	Nil
Mr. A. T. Krishnakumar s/o Late A. R. Tyagarajan 49 years Director 14/6 Vishweshapuram, Alwarpet, Chennai - 600 018	Master Of Business Administration, Jammalal Bajaj Institute Of Management Studies.	01/10/2005	By rotation	<ul style="list-style-type: none"> • Allsec Stocks Pvt. Ltd. • Alucast Foundries Belgaum Pvt. Ltd. • West side Metro Foundries Pty Ltd. (South Africa) 	Nil

Three Directors on the Board of the Company have appointed alternate Directors and have communicated the same to the Company. The Board vide its resolution dated 13/02/2007 has taken the same on record, the details of which are as follows:

Ms. Shrelaksme alternate to Mr. N.T. Shivkumar
Mr. R. Sankarakrishnan alternate to Mr. Clark Reiner
Mr. R. Mohan alternate to Mr. Singanallur Narayanan

Brief details of the Board of Directors

Mr. K Shivakumar is the promoter director of the company. He is an M.B.A (U.S.A- Specialisation in Information Systems). He has over 22 years of working experience. He has been running the company since inception i.e. since 1985 having started as a proprietary concern. He has been instrumental in taking the company public. His focus on product development has been the major achievement of the company.

Mr. V. N. Seshagiri Rao is a chartered accountant by qualification and has an experience of over 30 years in the field of management. He has worked in Senior Management level in various organizations like Enfield group, Kothari Mills etc. He is looking after the financial and accounting aspects in the company.

Mr. K. Chandrasekaran is a qualified Chartered and Cost Accountant and has over two decades of experience in the corporate sector both in India and abroad. In his career he has handled large Merger & Acquisition deals of IT companies as well as in companies in other areas. He has significant expertise in managing large financial closures and been part of treasury size of over US \$ 1 billion. He is instrumental in launching a BPO venture in the Middle East, as a joint venture between a large conglomerate in the Middle East and a reputed Indian corporate group from South India for outsourcing business and serves as a member of the Board of that company. Mr. K.Chandrasekaran will spear head the corporate think tank, governance and vision process and in addition will drive the business strategy

Mr. N. T. Shivkumar, is a post graduate from BITS Pilani - India and has over 18 years of experience in the IT & ITeS / BPO Industry – focused on Offshore IT Outsourcing & BPO Services sector. He has vast experience and competencies across diverse functional areas ranging from New Business Development & Sales Operations Management, Client Relationship Management, Marketing, and Product Management. Mr. Shivkumar had a 16 year tenure with HCL group in India ('87-93) and USA ('94-04). He was Vice President- HCL BPO & Head of Business Development – North America. He had Initiated, Negotiated & Structured several multi-year BPO engagements with marquee F500 Co's to fuel the growth of HCL's BPO business in US - in the chosen domains. He had conceived and

Negotiated 2 path breaking Joint Ventures to launch new growth engines in ERP & Retail domains: HCL-Answer think (50:50 JV for ERP practice) and HCL-Jones (51:49 divesting JV for Retail vertical). He served as a Director on the Board of HCL-Jones Technologies during Year 1 of the JV. He is a naturalised American citizen. Mr. Shivkumar will spear head the Marketing & Sales efforts in USA , guide the same in other geographies and will be part of corporate think tank.

Mr. Singanallur Narayan is the General Partner of Kuberon Capital LLC, a hedge fund with macro long/short equity strategy. He was a Managing Director at Bear Stearns Asset Management. He helped found Heckman Global Advisors Inc. with Dr. Heckman. Previously , he worked with Dr. Heckman as a Research Analyst with Salomon Smith Barney`s Global Asset Allocation Group form 1998-2002 and a Vice President with Lehman Brothers Global Equity and derivative strategies team from 1992- 1996. He has also held U.S. equity strategy positions at Salomon Brothers, Corporate bond research group covering money centre banks. Mr. Narayanan has a MBA from Columbia University School of Business, A M.S. in Computer Science from the University of Texas and a Bachelor of Technology from the Indian Institute of Technology, Madras.

Mr. Clark Reiner is a founding partner and board member of Allied Investment House, New York, a division of Allied World LLC, an international consulting and finance company. He is the Managing Director of Mahler & Emerson Inc, a Broker Dealer and Registered Investment Advisor where he is co-head of new business development and co-head of operations. Mr. Reiner was also a founding partner of Finkle & Eliot Inc., a NASD Broker Dealer that specialized in equity research sales to large institutional buy side firms. Earlier in his career, Mr. Reiner worked as an analyst in the Television Network Finance division of Fox Media and as an analyst in International Marketing and Sales at 20th Century Fox Films. Mr. Reiner began his career in the Asset Management Group at Goldman Sachs and then became a Vice President at The Bulls & Bears Group Inc., a mutual fund management and sales company. He holds an MBA, Finance, from UCLA Business School and holds NSAD licenses.

Mr. A. T. Krishnakumar has done his MBA and has over 25 years of experience. He was employed with ICICI at Senior Managerial Level. He is the Recipient of the award for outstanding contribution to Development Economics in the year 1995 from Dr. Manmohan Singh the then Finance Minister of India .

Compensation of Directors

Presently no compensation is being paid to any director of the company including the Managing Director

CORPORATE GOVERNANCE

The company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing of Board, constituting the committees. The extract of report on Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange is set out below:

A. Composition of Board of Directors

The Board of Info-Drive consists of 7 Directors. The composition and category of Directors is as follows:

Name of the Director	Designation	Status
Mr. K. Shivakumar	Managing Director	Executive Non Independent
Mr. V. N. Seshagiri Rao	Director	Executive Non Independent
Mr. K. Chandrasekaran	Director	Executive Non Independent
Mr. N.T. Shivkumar (Alternate – Ms. Shrelaksme)	Director	Non Executive Independent
Mr. Singanallur Narayan (Alternate – Mr. R. Mohan)	Director	Non Executive Independent
Mr. Clark Reiner (Alternate – Mr. R. Sankarakrishnan)	Director	Non Executive Independent
Mr. A. T. Krishnakumar	Director	Non Executive Independent



B. Constitution and composition of Committees formed

Audit Committee

The Audit Committee of the Board consists of three members all of whom are Independent Directors. The Audit Committee is responsible for the following activities:

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of internal as also external auditors and fixing of their fees
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements
- Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements and

The Audit Committee consists of the following members:

Name of the Director	Designation	Status
Mr. A.T. Krishnakumar	Chairman	Independent and Non Executive
Mr. R. Mohan	Member	Independent and Non Executive
Mr. R. Sankarakrishnan	Member	Independent and Non Executive

Remuneration Committee

Presently the Remuneration Committee comprises of Mr. R. Sankarakrishnan who is the chairman of the committee along with Mr. K. Chandrasekaran and Mr. A.T. Krishnakumar. The committee would make recommendation to the board as regards appointment, remuneration and compensation payable to the members of the Board. The remuneration committee assesses the overall compensation structure and policies of the Company with an objective to attract, retain and motivate employees, consider grant of stock options to employees

Shareholders Grievances/ Share Transfer Committee

The Shareholders Grievances/ Share Transfer Committee of the Board consists of three members of which two are Executive and Non-Independent director and one Independent Non – Executive Director of the Company. The committee reviews, record and helps expedite transfer of shares. The committee has appointed Mr. Gopal Rao- Company Secretary as the compliance officer of the company. This committee consists of Mr. V.N. Seshagiri Rao, Mr. K. Shivakumar and Mr. R. Mohan

Interest of Directors

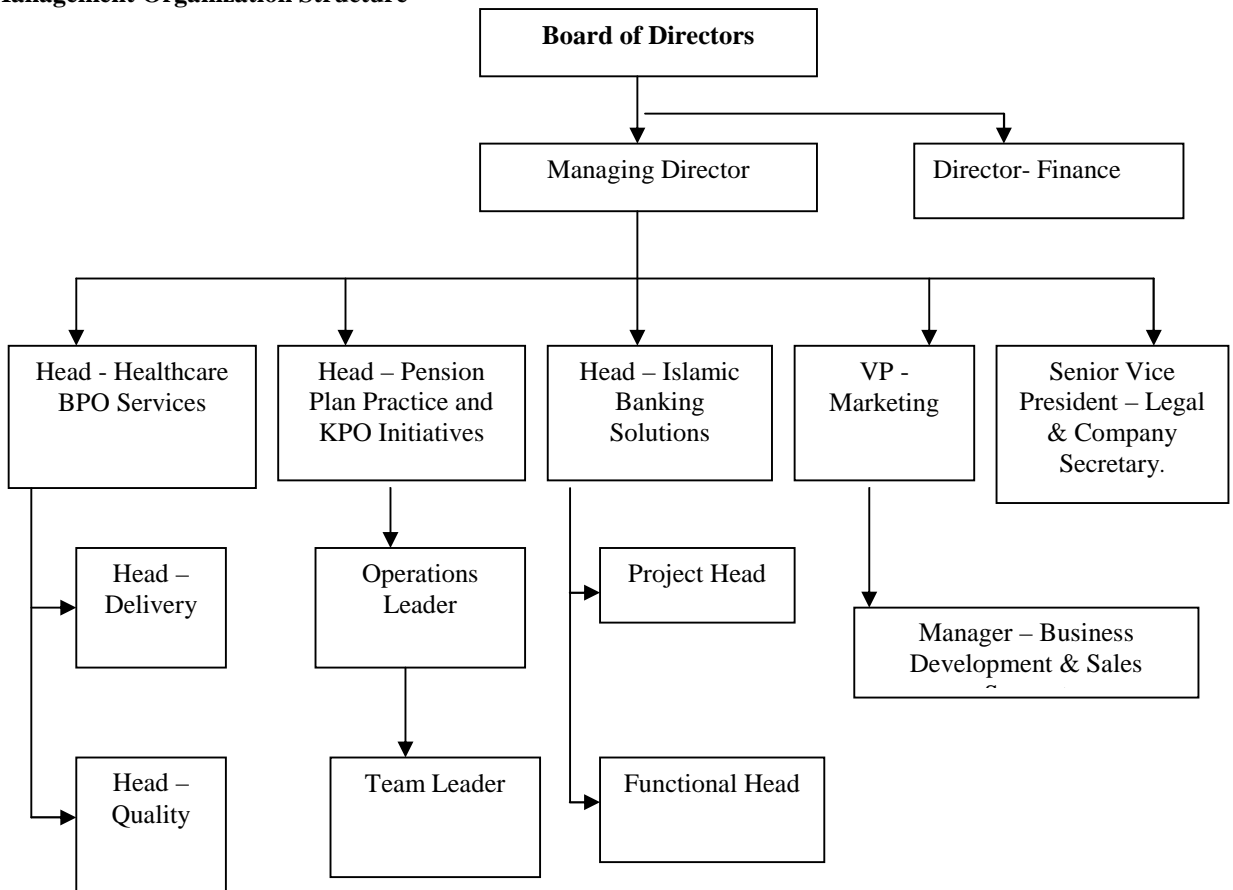
All the Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, or normal remuneration/sitting fees or benefits payable to them under the articles. The Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

Changes in Board of Directors

The changes in the Board of Directors since past three years are as follows:

Name of Director	Date of Appointment/ Resignation	Reason for Appointment/Resignation
Mr. K. Ramasamy	02/08/2004	Appointed as additional director
Mr. K. Ramasamy	15/12/2004	Resigned due to personal reasons
Mr. P. Shreenivas Reddy	15/06/2005	Resigned due to pre-occupation
Mr. A. T. Krishnakumar	03/10/2005	Appointed as additional director
Mr. Ganesh Krishna	04/09/2006	Resigned due to personal reasons
Ms. S. Shrelakshme	04/09/2006	Appointed as additional director
Mr. V.N. Seshagiri Rao	04/09/2006	Appointed as additional director
Mr. R. Sankarakrishnan	04/09/2006	Appointed as additional director
Mr. Clark Reiner	22/12/2006	Appointed as additional director
Mr. Singanallur Narayan	22/12/2006	Appointed as additional director
Mr. K. Chandrasekaran	13/02/2007	Appointed as additional director
Mr. N.T. Shiv Kumar	13/02/2007	Appointed as additional director
Ms. Shrelaksme	13/02/2007	Resignation, Appointed as an alternate to Mr. N.T. Shivkumar
Mr. G. Vasu	13/02/2007	Resignation
Mr. R Sankarakrishnan	13/02/2007	Resignation, Appointed as an alternate to Mr. Clark Reiner

Management Organization Structure





DETAILS OF KEY MANAGERIAL PERSONNEL

The details of the key managerial personnel are as follows:

Sr. No	Name, Age and Designation of the Person	Date of appointment	Qualifications	Previous Company Experience (yrs.)	Shares held in the Company	Compensation paid P.A
1	Mr. Gopal Rao 64 years Company Secretary & Compliance Officer	11/12/2006	B.Sc.B.L., FCS	Essar Group 22 Years	Nil	Rs.6 Lacs
2	Mr. Komal Sriram 49 years Head – Pension Plan Practice & KPO Initiatives	02/01/2007	B.Tech Mechanical Engineering; IIT Madras Qualified Pension Administrator - QPA	RPC Inc.,USA 15 years	Nil	Rs.12 Lacs
3	Mr. Ram Kotak 42 years Head – Healthcare BPO services	18/12/2006	B.Com ; DBM	Kashi Infotech Pvt. Ltd 21 years	12025	Rs.12 Lacs
4	Mr. Manoharan 46 years Head – Islamic Banking Solutions	18/12/2006	B.Sc	Bhari Information Systems 12 years	Nil	Rs. 25 Lacs
5	Mr.Vijay Anand 46 years Vice President – Marketing	08/01/2007	Diploma in Mechanical Engineering	Saravana Inc., USA 23 years	Nil	Rs 38 Lacs
6	Mr. Nihal Kotak 31 years Head – Delivery Health Care BPO	18/12/2006	B.Com., Masters in HRD	Kashi Infotech Pvt. Ltd 9 years	Nil	Rs.12 Lacs
7	Mrs. Abirami 26 years Operations Leader - Pension Administration Practice	08/01/2007	B.Pharm (BITS)	RPC Inc 3 years	Nil	Rs.3 Lacs
8	Miss. R. Smitha 26 years Manager-Business Development & Sales Support	20/11/2006	M.A, M. Phil (Economics)	Santec Solutions Pvt. Ltd 2 years	Nil	Rs.3 Lacs

All the abovementioned key managerial personnel are permanent employees of the company. The remuneration of the key managerial personnel is as per the provisions of Section 217(2A) of the Companies Act, 1956 or in accordance with the terms of the appointment. The Company has not offered any profit sharing plan to its Key managerial Personnel.

Changes in Key Managerial Personnel during last three years

The company did not have any employees in the period Financial Year ended 31/03/2003 to Oct 2006, except the Managing Director. The company has appointed all the key Managerial Personnel and the details of their appointment are as below:

Name	Date of appointment
Mr. Gopal Rao	11/12/2006
Mr. Komal Sriram	02/01/2007
Mr. Ram Kotak	18/12/2006
Mr. Manoharan	18/12/2006
Mr. Vijay Anand	08/01/2007
Mr. Nihal Kotak	18/12/2006
Mrs. Abirami	08/01/2007
Miss. R. Smitha	20/11/2006

Employees

Presently the Company has 18 employees. There has been no Employee Stock Option Scheme/ Employee Stock Purchase Scheme in existence as on date.



Payments or benefits to the officers of the Company

The officers of the Company are not provided any benefit other than salary.



E. PROMOTERS

Details of the Promoter Being Individuals

	<p>Mr. K Shivakumar – is the promoter director of the company He is an M.B.A (U.S.A- Specialisation in Information Systems). He has over 22 years of working experience. He has been running the company since inception i.e. since 1985 having started as a proprietary concern. He has been instrumental in taking the company public.</p> <p>Driving license no. – R/TN/07X/004093/2003</p>
	<p>Mr. V. N. Seshagiri Rao is a chartered accountant by qualification and has an experience of over 30 years in the field of management. He has worked in Senior Management level in various organizations like Enfield group, Kothari Mills etc. He is looking after the financial and accounting aspects in the company.</p> <p>Voter ID No. – 3701224 Driving license no. – R/TN/007025374/2006</p>

Info-drive confirms that the Permanent Account Number, Bank Account Numbers, Passport Number of the Promoters being individuals have been submitted to the Stock Exchanges at the time of filing of the Offer Document. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Details of the Promoter Being a Company**M/s Bhari Information Technology System Pvt. Ltd. (BITECH)**

BITECH was incorporated on 09/06/1988 and was promoted by Mr. Arif B Rahman. Its registered office is situated at Buharia Buildings, II Floor, 3,4,5, Moores Road, Chennai – 600 006, India. BITECH is engaged in high-end IT education and IT solution provider. BITECH's presence in overseas markets will pave way for client acquisitions for Info-drive.

Board of Directors/ Promoters:

The Board of Directors of BITECH comprise of the following:

1. Mr. Arif Buhary Rahman
2. Mr. V.N. Seshagiri Rao


Shareholding Pattern:

The Shareholding structure of BITECH

Name of the Shareholder	No. of Shares held	Percentage of holding
Promoter Shareholder :		
Mr. Arif Buhary Rahman	297856	49.58
Buharia Holdings Private Ltd.	94560	15.74
Other shareholders	208335	34.68
Total	6,00,751	100.00

Face Value Rs100 per share.

Mr. Arif Buhary Rahman is a major stake holder in BITECH, his details are as given below:

	<p>Mr. Arif Buhary Rahman, aged 46 years is the promoter director of the company. He is a Graduate in management. He has over 22 years of experience and has promoted Bhari information Technology Systems Pvt. Ltd (BITECH) in the year 1988. He is also a Group Director of Finance for US \$4 Billion conglomerate, ETA Ascon co-promoted by his family in joint venture with the Al-Ghurair group of Dubai.</p> <p>Driving license no. – 143483 (Issued by Ministry of Interior, United Arab Emirates)</p>
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Financial Performance:

(Rs. in lacs)

Particulars as on March 31	2004	2005	2006
Total Income	224.34	326.56	255.60
Profit after Tax	(542.70)	74.57	(61.63)
Share Capital	600.75	600.75	600.75
Share Application Money received	617.60	1358.35	1712.12
Reserves and surplus	24.15	24.15	24.15
Dr. balance in P& L account	(2,329.17)	(2,254.60)	(2316.23)
Earnings per Share (in Rs.)	(90.34)	12.41	(.10)
Return on Net Worth	(31.84)	(4.58)	(3.64)
Book Value per Share (in Rs.)	(283.69)	(271.28)	(281.54)
Face Value per share (in Rs.)	100	100	100



Promoter's PAN & Promoters Registration Number:

Registration Number	18-15839
PAN	AAACB1449B

Info-drive Confirms that the Permanent Account Numbers, Bank Account Numbers, the Company's Registration Number and the address of the Registrar of Companies where the company is registered have been submitted to the Stock Exchange on which securities are proposed to be listed, at the time of filing the draft letter of offer with them.

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

None of the Promoters have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

None of the companies promoted by the Promoters of Info-drive have been struck off from the records of the Register of Companies.

Interest of Promoters

The Promoters do not have any interest in the Company's business except to the extent of their shareholding in the Company and returns earned thereon.

Common Pursuits

Both Info-drive and BITECH are in the Information Technology domain but catering to different segments. BITECH will continue to focus as a high-end IT education provider as it has been since its inception. Due to the long standing presence of BITECH in its chosen field it gets opportunities in diverse IT related areas that are outside its chosen domain. These opportunities predominantly relate to IT Consulting and BPO segment. Such opportunities will be referred to Info-drive while BITECH will continue to operate in its core area.

Related Party Transactions

The details of related parties transactions have been given on page 60 of this Offer Document.

F. Dividend Policy

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of Info-drive, at their discretion, and will depend on a number of factors, including but not limited to the Company's profits, capital requirements, and overall financial requirements.

VI. FINANCIAL INFORMATION

FINANCIAL PERFORMANCE OF THE COMPANY

A. AUDITOR'S REPORT

The Board of Directors
Info-Drive Software Limited
 Chennai – 600 008

Dear Sirs,

We have asked to report on the financial information of the company which is required to be prepared in accordance with 'Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000', issued by the Securities and Exchange Board of India ('SEBI') in pursuance of subsection (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, we have examined the financial information contained in Annexures to this report which is proposed to be incorporated in the Offer Document of Info-drive Software Limited ('THE COMPANY') in connection with the rights issue of equity shares of Rs. 10/- each, at such premium, if any, as may be decided by the Board of Directors.

1. We have examined the Books of Accounts of the Company for the five financial years ended 31st March, 2002, 2003, 2004, 2005 and 2006 and for the period up to 31st December 2006 which is the last date to which the accounts of the Company have been made up. We confirm that the financial statements for the said years have been made in accordance with Schedule VI of the Company's Act, 1956 and as per accounting standards of the Institute of Chartered Accountants of India.
 - a) Based on our examination of the above financial statement, we confirm that the relevant extracts of Profit & Loss Account and Balance Sheet as enclosed in **Annexure I** and **Annexure II** respectively and this report has been made after giving effect to the following:
 - The impact of changes in accounting policies adopted by the company has been disclosed with retrospective effect.
 - The impact of qualification in the auditor's report where applicable has been adjusted.
 - The impact of extra ordinary items has been disclosed separately in the financial statements.
 - b) The significant Accounting Policies and Notes on Accounts are enclosed in **Annexure III** to this report.
2. The company has not paid any dividend on the shares for each of the five financial years ended 31st March 2006, covered under this report.
3. The company does not have any subsidiaries within the meaning of Section 4 of The Companies Act, 1956, as at 31st March 2006.
4. We have also examined the following accompanying statements.
 - a. Key accounting Ratios for the five consecutive financial years ended on 31st March 2006 (Annexure V)
 - b. Tax Shelter Statement (Annexure VI)
 - c. Statement of Capitalization (Annexure VII)
 - d. Details of other income (Annexure VIII)
 - e. Cash Flow Statement (Annexure IX)

and report that in our opinion, the same have been correctly computed. In respect of statement of capitalization (Annexure VII), we do not express or imply any opinion as to the possibility achieving the figures stated therein.



5. The 'Financial information as per the audited financial statements' and 'other financial information' are the responsibility of the company's management. We are performing such other tests and procedures which in our opinion were necessary for our reporting. These procedures comprised comparison of the annexed financial information with the Company's audited financial statements.
6. This report should not be anywhere construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for the information of the Board and for inclusion in the offer document in connection with the proposed Rights Issue of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **K.S.REDDY ASSOCIATES**
Chartered Accountants

S/d-

K.Subba Reddy (Proprietor)
M.No.208754

Place : Chennai
Date : 24/01/2007

Annexure-I

STATEMENT OF PROFIT AND LOSS

(Rs. In lakhs)

FINANCIAL YEAR ENDED	31-Mar-02 (9 Months)	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-06 (9 Months)
INCOME						
Sales /Fee receipts	0.79	0.22	0.78	6.77	0.75	0.22
Other Income	3.38	1.03	0.44	-	1.95	9.39
TOTAL INCOME	4.17	1.25	1.22	6.77	2.70	9.61
EXPENDITURE						
Increase/decrease in Stocks	0.32	0.22	0.74	3.12	0.25	0.10
Staff Costs	0.20	-	-	-	-	-
Other Manufacturing expenses	0.98	-	-	-	-	-
Administration expenses	10.72	8.42	9.11	9.01	8.28	6.46
Selling & distribution expenses	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Depreciation	7.21	2.90	2.90	2.03	2.03	1.52
TOTAL EXPENSES	19.43	11.54	12.75	14.16	10.56	8.08
Net Profit before tax and						
Extraordinary items	(15.26)	(10.29)	(11.53)	(7.39)	(7.86)	1.53
Less: Taxation	-	-	-	-	-	0.04
Net Profit before Extraordinary items	(15.26)	(10.29)	(11.53)	(7.39)	(7.86)	1.49
Less: Extraordinary items (Net of tax)	1.07	-	9.05	4.47	6.78	-
Net profit/(Loss) after extraordinary items	(14.19)	(10.29)	(20.58)	(11.86)	(14.64)	1.49



Annexure-II

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In lakhs)

AS AT	31-Mar-02 (9 Months)	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-06 (9 Months)
A. Fixed Assets:						
Gross Block	134.64	134.64	119.29	119.99	119.99	119.99
Less: Depreciation	69.99	72.89	67.49	69.53	71.56	73.08
Net Block	64.65	61.75	51.80	50.46	48.43	46.91
Less: Revaluation reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation reserve	64.65	61.75	51.80	50.46	48.43	46.91
B. Current Assets, Loans & Advances						
Inventories	16.34	16.12	15.38	15.48	15.39	15.28
Sundry Debtors	0.69	0.69	1.38	5.41	-	-
Cash & Bank Balances	0.27	1.49	0.33	0.17	6.10	11.01
Loans & Advances	19.77	15.33	10.87	4.17	205.25	5.26
Other Current Assets	-	-	-	-	-	-
	37.07	33.63	27.96	25.23	226.74	31.55
C. Liabilities & Provisions						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	7.84	7.86	8.22	11.65	236.10	41.59
Current Liabilities & Provisions	14.88	14.18	14.19	14.06	3.73	0.04
	22.72	22.04	22.41	25.71	239.83	41.63
D. Net worth	79.00	73.34	57.35	49.98	35.34	36.83
E. Represented by						
1. Share Capital	500.00	500.00	500.00	500.00	500.00	500.00
2. Reserves	(421.00)	(426.66)	(442.65)	(450.02)	(464.66)	(463.17)
Less: Revaluation reserve	-	-	-	-	-	-
Reserves (Net of revaluation reserve)	(421.00)	(426.66)	(442.65)	(450.02)	(464.66)	(463.17)
Net Worth	79.00	73.34	57.35	49.98	35.34	36.83

Annexure – III SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The accounts are prepared in accordance with normally accepted accounting policies unless or otherwise stated and the company follows mercantile system of accounting.

2. Fixed Assets & Depreciation

Fixed assets are stated at historical cost of acquisition and improvements thereon. Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956. No provision for depreciation has been made on the assets viz. Good Will and Software Packages.

3. Recognition of Income and expenditure

Income and expenditure are accounted on accrual basis.

4. Inventories

Stock is valued at cost or market value whichever is lower.

5. Retirement Benefits

Retirement benefits are accounted as and when they arise. As there is no man power engaged in the company during the period under review no provision for gratuity and leave encashment is made.

5. Foreign currency transactions

No expenditure in foreign currency. Income is accounted at the exchange rate realized.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities

There is a claim against the company in respect of a complaint lodged before the district consumer forum, Coimbatore for an amount of Rs.25,000/-. Except the above, there are no contingent liabilities in respect of Income-tax, Sales-tax, Excise Duty, Bill Discounting, Letter of credit, Bank Guarantee or any other claims.

2. Deferred tax liability

The company does not envisage any taxable income in near future. Hence the directors of the company are of the opinion that no provision is necessary for deferred tax Asset/Liability as per the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

3. Related party disclosures

The company does not have any holding company, subsidiary company, associate company of companies under the same management as defined under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. However for abundant caution transactions with various parties related with the company are disclosed here under:

A. Key Management personnel - K. Shivakumar, Managing Director



B. Relatives to Key management personnel - K. Ganesh Krishna, Director
R. K. Sivanandavalli

Nature of transaction	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
A. Key managerial personnel						
Remuneration Paid	20,000/-	Nil	Nil	Nil	Nil	Nil
Loan received	7,83,715/-	7,86,418/-	8,22,884/-	11,38,400/-	Nil	Nil
B. Relatives to Key managerial personnel						
Rent Payable	1,35,000/-	2,69,000/-	4,13,000/-	5,57,000/-	2,85,481/-	Nil

4. Fringe benefit tax

Fringe benefit tax is applicable to the company from the financial year 2005-2006. The company has not made any provision for the said year as the amount is not material. However the company has paid the fringe benefit tax subsequently.

5. Secured Loans

The company has not availed any Term Loans or Working capital facilities.

6. Dues to SSI's

Sundry creditors do not include any dues to Small Scale Industries.

Annexure – IV

A. CHANGES IN ACCOUNTING POLICIES, ADJUSTMENTS RELATING TO PREVIOUS YEARS, AUDIT QUALIFICATIONS AND/OR INCORRECT ACCOUNTING POLICIES, EFFECT OF WHICH HAS BEEN QUANTIFIED AND FOR WHICH ADJUSTMENTS HAVE BEEN CARRIED OUT IN ANNEXURE I & II

1. During the year 2001-2002 the company has made a profit of Rs.1.07 lakhs on sale of assets, which has been credited to profit and loss account.
2. The company has written off certain obsolete assets during the year 2003-2004. The loss on which amounted to Rs.7.05 lakhs which has been charged to profit and loss account.
3. During the year 2003-2004 the company had refunded the franchise fees amounting to Rs.2.00 Lakhs. The same was accounted as income in the year of receipt. Hence the said refund has been charged to profit and loss account during the year.
4. The extraordinary items charged to profit and loss account during the year 2004-2005 included Rs.3.09 lakhs towards prior period adjustments.
5. An amount of Rs.1.38 lakhs was written off as bad debts and charged to profit and loss account during the year 2004-2005.
6. During the financial year 2005-2006 DVD's sold in the earlier year amounting to Rs.5.41 lakhs were returned due to technical snag. The same has been accounted as sales returns and charged to profit and loss account.
7. An amount of Rs.1.37 lakhs was written off as bad debts and charged to profit and loss account during the year 2005-2006.

B. CHANGES IN ACCOUNTING POLICIES, ADJUSTMENTS RELATING TO PREVIOUS YEARS, AUDIT QUALIFICATIONS AND/OR INCORRECT ACCOUNTING POLICIES, EFFECT OF WHICH HAS NOT BEEN QUANTIFIED AND FOR WHICH ADJUSTMENTS COULD NOT BE CARRIED OUT IN ANNEXURE I & II

8. No provision has been made in the books against a complaint lodged on the company before the District Consumer Forum, Coimbatore for an amount of Rs.25,000/-, as the company is of hopeful of succeeding the case. However the company has given a bank guarantee to the extent of Rs.25,000/-

Annexure – V

Accounting Ratios:

Particulars	2001-2002 (9 Months)	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007 (9 Months)
Earnings per share (EPS) (Rs.)	(0.28)	(0.21)	(0.41)	(0.24)	(0.29)	0.03
Net asset value (NAV) (Rs. Per share)	1.58	1.47	1.15	1.00	0.71	0.74
Return on net worth (RNOW) %	-18%	-14%	-36%	-24%	-41%	4%
Return on capital employed (ROCE) %	-3%	-2%	-4%	-2%	-3%	0.3%

Definition of key ratios

- | | |
|-----------------------------------|---|
| 1. Net Profit | Profit after provisions & contingencies and adjustments referred to in Part A of Annexure V |
| 2. Earnings per share | Net profit after tax / Number of shares |
| 3. Net worth | Capital + Free reserves - Accumulated losses |
| 4. Net asset value per share | Net worth / Number of shares |
| 5. Return on net worth (%) | Net profit / Closing net worth of each year |
| 6. Return on capital employed (%) | Net profit / Share Capital |



Annexure VI

TAX SHELTER STATEMENT

(Rs. In lakhs)

Previous Year	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Assessment Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
						(9 Months)
A. Tax at specified rate as applicable on book profits						
Profit/(Loss) before tax	(14.19)	(10.29)	(20.58)	(11.86)	(14.64)	1.49
Tax rate (Including surcharge)	35.70	36.75	35.88	35.70	33.66	33.66
Tax on actual rates of profit	(5.07)	(3.78)	(7.38)	(4.23)	(4.93)	0.50
B. Adjustments						
1. Difference between tax depreciation and book depreciation						
	3.90	(0.50)	2.12	1.40	1.70	1.31
2. Other adjustments	0.84	-	7.05	3.09	3.50	-
Total adjustments	4.74	(0.50)	9.17	4.49	5.20	1.31
C. Tax savings on adjustments	1.69	(0.18)	3.29	1.60	1.75	0.44
D. Total taxation	(3.37)	(3.97)	(4.09)	(2.63)	(3.18)	0.94
E. Tax as per MAT	-	-	-	-	-	-
F. Tax provided in the books	-	-	-	-	-	-

Annexure VII

CAPITALISATION STATEMENT

Particulars	Pre-issue as at 31.03.2006	Post-issue as adjusted for the issue
A. Short Term Debts	-	-
B. Long Term Debts	-	-
Total Debts	-	-
<u>Shareholders Fund</u>		
1. Equity Share Capital	500.00	2,500.00
2. Reserves & Surplus (Inclusive share premium)	60.00	460.00
3. Profit & Loss Account	(525.00)	(525.00)
Total	35.00	2,435.00
Long Term Debts/Equity	-	-

Annexure VIII

Details of other income including those which are in excess of 20% of net profit before tax for respective years

FINANCIAL YEAR ENDED	31-Mar-02 (9 Months)	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Dec-06 (9 Months)
Interest income (interest on Fixed Deposit)	2.40	1.03	0.44	-	1.95	6.78
Miscellaneous income (IT Consulting)	0.98	-	-	-	-	2.61
	3.38	1.03	0.44	-	1.95	9.39

Annexure IX

CASH FLOW STATEMENT

(Rs. In Lakhs)

Particulars	31.03.2002 (9 Months)	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.12.2006 (9 Months)
Cash flow from operating activities						
Net Profit before tax	(14.20)	(10.28)	(20.58)	(11.86)	(14.65)	1.53
Adjustments for						
Depreciation	7.21	2.90	2.90	2.03	2.03	1.52
Miscellaneous expenses written off	4.62	4.62	4.58	4.50	-	-
Interest paid	0.02	-	-	-	-	-
Provision for tax	-	-	-	-	-	(0.03)
Other income	(4.45)	(1.03)	(0.48)	-	(1.96)	(9.39)
Operating profit before working capital changes	(6.80)	(3.79)	(13.58)	(5.33)	(14.58)	(6.37)
Adjustments for increase/ (-) decrease in						
Sundry Debtors	0.19	-	(0.68)	(4.03)	5.41	-
Loans & advances	4.36	4.44	4.45	6.71	(201.08)	200.00
Inventories	0.32	0.22	0.74	(0.10)	0.10	0.10
Trade payable	(12.22)	(0.69)	0.01	(0.13)	(10.33)	(3.69)
Cash generated from/(used in) operations	(14.15)	0.18	(9.06)	2.45	(205.90)	196.41
Interest paid	(0.02)	(0.02)	-	-	-	-
Other income	4.45	1.03	0.48	-	1.96	9.39
Net cash from operating activities A	(9.72)	1.19	(8.58)	(2.88)	(218.52)	199.43
B. Cash flow from investing activities:						
Sale/withdrawal of Fixed Assets	12.47	-	15.35	(0.70)	-	-
Withdrawal of depreciation	(3.97)	-	(8.30)	-	-	-
Net cash flow from/(used in) investing activities B	8.50	-	7.05	(0.70)	-	-



Particulars	31.03.2002 (9 Months)	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.12.2006 (9 Months)
Cash flow from financing activities:						
Long term borrowings (Net)	-	-	-	-	-	
Short term borrowings (Net)	1.07	0.03	0.36	3.42	224.45	194.52
Net cash from financing activities C	1.07	0.03	0.36	3.42	224.45	194.52
Net increase/decrease in cash and cash equivalents	(0.15)	1.22	(1.17)	(0.16)	5.93	4.91
Cash & Cash equivalents (Opening Balance)	0.41	0.27	1.49	0.33	0.17	6.10
Cash & Cash equivalents (Closing Balance)	0.27	1.49	0.33	0.17	6.10	11.01

B. FINANCIAL INFORMATION AS REQUIRED UNDER CLAUSE 6.10.2.4 & 6.10.2.5 OF SEBI (DIP) GUIDELINES, 2000

To,
The Board of Directors
(Info Drive Software Ltd)

Dear Sirs,

We have examined the financial statements of **M/s BHARI INFORMATION TECHNOLOGY SDN BHD ('BITECH')** for the financial years ended 31ST March 2002, 31ST March 2003, 31ST March 2004, 31ST March 2005, 31ST March 2006 and for the period ended 28th February 2007. These financial statements have not been audited by us. The financial statements enclosed with this report have been presented in accordance with the format prescribed under Schedule VI of the Companies Act 1956 (Annexure I).

Further, we have examined the financial statements of **M/s KASHI INFOTECH PRIVATE LIMITED ('KIPL')** for the financial years ended 31ST March 2004, 31ST March 2005, 31ST March 2006 and for the period ended 28th February 2007. These financial statements have not been audited by us. The financial statements enclosed with this report have been presented in accordance with the format prescribed under Schedule VI of the Companies Act 1956 (Annexure II).

As required by clauses 6.10.2.4 and 6.10.2.5 of SEBI (DIP) Guidelines, 2000 issued by the Securities and Exchange Board of India ('SEBI'), we have examined the financial information contained in Annexures attached to this report which is proposed to be incorporated in the Offer Document of **INFO DRIVE SOFTWARE LTD ('The Company')** in connection with its proposed right issue of equity shares of Rs. 10/- each, at such premium, as may be decided by the Board of Directors.

Clause 6.10.2.4 of the SEBI (DIP) Guidelines, *inter-alia*, require that if proceeds of the issue of shares of a company are to be applied in purchase of any business or purchase of an interest in any business ('the business') and by reason of such purchase, the issuer company will become entitled to an interest as respects either the capital or profits and losses or both, in such business, exceeding 50 percent then, a report shall be made by accountants upon the profits or losses and assets and liabilities of the business for the preceding five years.

Clause 6.10.2.5 of the SEBI (DIP) Guidelines, *inter-alia*, require that if the proceeds or any part of the proceeds of the issue of shares are to be applied for the acquisition of shares in any other body corporate ('the subsidiary') and by reason of that acquisition, the body corporate will become a subsidiary of the issuer company then, a report made by accountants upon the profits and losses and assets and liabilities of the subsidiary for the preceding five years indicating how the profits or losses of the subsidiary would have concerned the members of the issuer company and what allowance would have fallen to be made and in relation to the assets and liabilities so dealt with for holders of other shares, if the issuer company had at all material times held the shares to be acquired.

We understand that a part of the proceeds of the proposed rights issue of the Company is proposed to be utilised for acquiring 51 percent stake in BITECH and 100 percent stake in KIPL.

Based on our examination of the financial statements provided to us, of the Company, BITECH and KIPL, we certify that the enclosed consolidated financial statements, as required under clauses 6.10.2.4 and 6.10.2.5 of SEBI (DIP) Guidelines, 2000, have been drawn up following the Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and the consolidated financial statements for the years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006, have been presented in Annexure III of this report.

Thanking you,

For **Anil Nair & Associates**
Chartered Accountants

Sd/-

K.Sriram
Partner
M.No. 216396

Place: Chennai.

Date: May 12, 2007



ANNEXURE I

The Financial highlights for M/s **BHARI INFORMATION TECHNOLOGY SYSTEMS SDN BHD** for the financial years ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the period ended 28th February 2007 are set out below: -

STATEMENT OF PROFITS AND LOSSES

(Amounts in Malaysian Ringgits)

Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Income						
Sales	49,28,503	60,20,335	25,40,932	40,97,745	41,08,320	84,70,971
Other income	11,250	40,931	20,858	1,14,736	Nil	15,000
Total Income	49,39,753	60,61,266	25,61,790	42,12,481	41,08,320	84 85,971
Expenditure						
Cost of Sales	(27,41,484)	(46,17,172)	(14,84,093)	(30,97,003)	(33,14,846)	(64,15,904)
Administration & Selling Expenses	(7,22,712)	(5,74,195)	(7,45,982)	(14,04,897)	(17,70,444)	(18,81,823)
Finance Expenses	Nil	(22,125)	(34,811)	(67,931)	(80,967)	(95,965)
Total Expenditure	34,64,197	(52,13,492)	(22,64,886)	(45,69,831)	(51,66,257)	(83,93,692)
Net Profit/(Loss) before tax	14,75,556	8,47,774	2,96,904	(3,57,350)	(10,57,937)	92,279
Provision for Current Tax	Nil	Nil	(9,408)	Nil	Nil	(80,693)
Add: Deferred tax	Nil	Nil	Nil	Nil	17,600	Nil
Net Profit/(Loss) after tax	14,75,556	8,47,774	2,87,496	(3,57,350)	(10,40,337)	11,586

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

The statement of Assets and Liability of M/s **BHARI INFORMATION TECHNOLOGY SYSTEMS SDN BHD** as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the period ended 28th February 2007 are set out below:

(Amounts in RM)

	Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
A	Sources of Funds:						
	Share Capital	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000
	Reserves	15,40,362	64,806	(7,82,968)	(10,70,464)	(7,13,114)	3,27,223
	Deferred Tax	-	-	-	-	-	17,600
	Loans & Liabilities						
	Long Term Borrowings	-	44,184	60,345	1,67,161	97,704	24,154
	Secured Loans	-	-	55,740	2,94,014	10,39,562	9,76,910
	Unsecured Loans	1,51,896	16,161	98,614	2,07,421	1,60,966	3,66,247
	Total (A)	25,40,362	11,25,151	4,31,731	5,98,132	15,85,118	27,12,134
B	Application of Funds:						
	Fixed Assets:						
	Plant & Machinery (Net Block)	5,09,374	43,800	56,967	72,374	1,40,259	1,17,359
	Current Assets Loans and Advances:						
	Sundry Debtors	12,99,941	10,63,181	5,90,873	8,45,962	18,50,059	31,48,988
	Tax Recoverable	26,589	18,479	92,711	1,02,119	86,500	-
	Cash and Bank Balances	9,52,672	7,50,912	94	94	1,02,477	1,64,057
	Fixed Deposits	2,11,557	2,11,557	-	-	-	-

Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Loans and Advances	15,760	1,57,447	-	-	-	-
Others	1,68,865	-	-	-	-	-
	18,79,092	22,01,576	6,83,678	9,48,175	20,39,036	33,13,045
Less:						
Current Liabilities and Provisions	7,96,293	11,20,225	3,08,914	4,22,417	5,94,177	7,18,270
Net Current Assets	9,26,420	10,81,351	3,74,764	5,25,758	14,44,859	25,94,775
Total (B)	25,40,362	11,25,151	4,31,731	5,98,132	15,85,118	27,12,134

Note:

The above tables in Indian Rupees are represented as follows:

STATEMENT OF PROFITS AND LOSSES

(Rupees in lacs)

Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Income						
Sales	591.42	722.44	304.91	491.73	493.00	1,016.52
Other income	1.35	4.91	2.50	13.77	Nil	1.80
Total Income	592.77	727.35	307.41	505.50	493.00	1,018.32
Expenditure						
Cost of Sales	(328.98)	(554.06)	(178.09)	(371.64)	(397.78)	(769.91)
Administration & Selling Expenses	(86.73)	(68.90)	(89.52)	(168.59)	(212.45)	(225.82)
Finance Expenses	Nil	(2.66)	(4.18)	(8.15)	(9.72)	(11.52)
Total Expenditure	415.70	(625.62)	(271.79)	(548.38)	(619.95)	(1,007.24)
Net Profit/(Loss) before tax	177.07	101.73	35.63	(42.88)	(126.95)	11.07
Provision for Current Tax	Nil	Nil	(1.13)	Nil	Nil	(9.68)
Add: Deferred tax	Nil	Nil	Nil	Nil	2.11	Nil
Net Profit/(Loss) after tax	177.07	101.73	34.50	(42.88)	(124.84)	1.39

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rupees in lacs)

Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Sources of Funds:						
Share Capital	120.00	120.00	120.00	120.00	120.00	120.00
Reserves	184.84	7.78	(93.96)	(128.46)	(85.57)	39.27
Deferred Tax	-	-	-	-	-	2.11
Loans & Liabilities	-	-	-	-	-	-
Long Term Borrowings	-	5.30	7.24	20.06	11.72	2.90
Secured Loans	-	-	6.69	35.28	124.75	117.23
Unsecured Loans	18.23	1.94	11.83	24.89	19.32	43.95
Total (A)	304.84	135.02	51.81	71.78	190.21	325.46
Application of Funds:						
Fixed Assets:						
Plant & Machinery (Net Block)	61.12	5.26	6.84	8.68	16.83	14.08
Current Assets Loans and Advances:						
Sundry Debtors	155.99	127.58	70.90	101.52	222.01	377.88
Tax Recoverable	3.19	2.22	11.13	12.25	10.38	-
Cash and Bank Balances	114.32	90.11	0.01	0.01	12.30	19.69



Particulars	28.02.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Fixed Deposits	25.39	25.39	-	-	-	-
Loans and Advances	1.89	18.89	-	-	-	-
Others	20.26	-	-	-	-	-
	225.49	264.19	82.04	113.78	244.68	397.57
Less:						
Current Liabilities and Provisions	95.56	134.43	37.07	50.69	71.30	86.19
Net Current Assets	111.17	129.76	44.97	63.09	173.38	311.37
Total (B)	304.84	135.02	51.81	71.78	190.21	325.46

ANNEXURE II

The Financial highlights for M/s **KASHI INFOTECH PRIVATE LIMITED** for the financial years ended 31st March 2004, 31st March 2005, 31st March 2006 and for the period ended 28th February 2007 are set out below: -

STATEMENT OF PROFITS AND LOSSES FOR THE YEAR/PERIOD ENDED (Amounts in Rs)

Particulars	28.02.07	31.03.06	31.03.05	31.03.04
Income				
Income from Medical Transcription	3,91,98,700	1,03,80,721	Nil	Nil
Total Income	3,91,98,700	1,03,80,721	Nil	Nil
Expenditure				
Administration Expenses	2,57,60,182	65,06,593	3,602	3,580
Selling Expenses	1,22,328	17,272	Nil	Nil
Finance Charges	1,87,916	1,33,523	Nil	Nil
Depreciation	18,08,280	17,23,241	Nil	Nil
Preliminary Expenses written off	3,379	3,379	3,379	914
Deferred Revenue Expenses written off	5,48,821	4,70,418	Nil	Nil
Pre-operative Expenses written off	44,78,287	48,63,972	Nil	Nil
Total Expenditure	32,90,193	1,37,18,398	6,981	4,494
Net Profit/(Loss) before tax	62,89,507	(33,37,677)	(6,981)	(4,494)
Provision for Current Tax	Nil	Nil	Nil	Nil
Provision for FBT	1,13,806	1,04,680	Nil	Nil
Net Profit/(Loss) after tax	61,75,701	(34,42,357)	(6,981)	(4,494)
Profit/(Loss) brought forward from previous year	(34,53,832)	(11,475)	(4,494)	Nil
Balance transferred to Balance Sheet	27,21,869	(34,53,832)	(11,475)	(4,494)

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

The statement of Assets and Liabilities of M/s KASHI INFOTECH PRIVATE LIMITED as at 31st March 2004, 31st March 2005, 31st March 2006 and 28th February 2007 are set out below:

(Amounts in Rs)

Particulars	28.02.07	31.03.06	31.03.05	31.03.04
A. Sources of Funds:				
Shareholders Funds				
Share Capital	30,000,000	1,00,000	1,00,000	1,00,000
Share Application Money	1,25,21,525	40,00,000	Nil	Nil
Reserves & Surplus	27,21,869	Nil	Nil	Nil
Loans & Liabilities				
Secured Loans	Nil	50,53,839	10,00,641	Nil
Unsecured Loans	1,67,97,985	3,34,86,564	2,15,83,894	Nil
Total (A)	6,20,41,379	4,26,40,403	2,26,84,535	1,00,000
B. Application of Funds:				
Fixed Assets (Net Block):	1,63,92,120	1,43,56,072	1,22,33,814	Nil
Current Assets, Loans and Advances:				
Corporate Account	56,63,448	Nil	Nil	Nil
Sundry Debtors	1,77,68,209	36,17,458	Nil	Nil
Cash and Bank Balances	25,05,761	14,16,402	6,70,197	66,210
Deposits	32,31,000	29,61,000	28,46,000	Nil
Loans and Advances	17,000	1,676	9,15,868	Nil
Less:				
Current Liabilities and Provisions	26,94,690	42,94,507	44,61,151	3,580
Net Current Assets	2,64,90,728	37,02,029	(29,086)	62,630
Miscellaneous Expenses				
Preliminary Expenses	22,739	26,118	29,497	32,876
Deferred Revenue Expenses	10,97,644	16,46,465	16,52,883	Nil
Pre-operative Expenses	1,79,13,148	1,94,55,886	87,85,952	Nil
Profit & Loss Account	Nil	34,53,832	11,475	4,494
Total (B)	6,20,41,379	4,26,40,403	2,26,84,535	1,00,000



ANNEXURE III

CONSOLIDATED FINANCIAL STATEMENTS OF INFO-DRIVE SOFTWARE LIMITED UPON CONSOLIDATION WITH BHARI INFORMATION TECHNOLOGY SDN BHD AND KASHI INFOTECH PRIVATE LIMITED.

The consolidated financial highlights of **M/s INFO-DRIVE SOFTWARE LIMITED** for the period ended 31st March 2002 and for the years ended 31st March 2003, 31st March 2004, 31st March 2005, and 31st March 2006 are set out below: -

Consolidated Profit and Loss Account

Particulars	(Amounts in Rs)				
	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02 (9 months)
Income					
Sales	82,698,741	31,168,184	49,246,940	49,321,840	101,683,652
Other income	687,172	250,296	1,424,832	103,000	565,000
Total Income	83,385,913	31,418,480	50,671,772	49,424,840	102,248,652
Expenditure					
Cost of Sales	55,406,064	17,809,116	37,164,036	39,778,152	76,990,848
Increase/ Decrease in Stocks	25,000	312,000	74,000	22,000	32,000
Manufacturing Expenses	0	0	0	0	98,000
Administration & Selling Expenses	21,506,215	10,062,765	18,064,258	22,377,328	24,394,876
Finance Expenses	399,023	417,732	815,172	971,604	1,151,580
Total Expenditure	77,336,302	28,601,613	56,117,466	63,149,084	102,667,304
Net Profit/(Loss) before tax	6,049,611	2,816,867	(5,445,694)	(13,724,244)	(418,652)
Provision for Current Tax	0	112,896	0	0	968,316
Deferred Tax	0	0	0	211,200	0
Provision for FBT	104,680	0	0	0	0
Less: Extraordinary items	678,000	447,000	905,000	0	107,000
Net Profit/(Loss) after tax	5,266,931	2,256,971	(6,350,694)	(13,513,044)	(1,279,968)
Minority Share of Interest (49%)	4,984,911	1,690,476	(2,101,218)	(6,117,182)	68,126
(From Bitech)					

Consolidated Balance Sheet**CONSOLIDATED BALANCE SHEET OF INFO-DRIVE SOFTWARE LIMITED UPON CONSOLIDATION WITH BHARI INFORMATON TECHNOLOGY SDN BHD AND KASHI INFOTECH PVT LTD**

(Amounts in Rs)

	Particulars	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02 (9 Months)
A	Sources of Funds:					
	Share Capital					
	Equity Share Capital (FV of Rs. 10/- each)	148,333,333	148,333,333	148,333,333	98,333,333	98,333,333
	Reserves					
	Share Premium	19,666,667	19,666,667	19,666,667	9,666,667	9,666,667
	Minority Interest (49%)	6,261,059	1,276,148	-	1,686,890	7,804,071
	Deferred Tax	-	-	-	-	211,200
	Loans & Liabilities					
	Long Term Borrowings	530,208	724,140	2,005,932	1,172,448	289,848
	Secured Loans	5,053,839	1,669,521	3,528,168	12,474,744	11,722,920
	Unsecured Loans	61,290,496	23,932,262	3,311,052	2,717,592	5,178,964
	Total (A)	241,135,602	195,602,071	76,845,152	26,051,674	133,207,003
B	Application of Funds:					
	Fixed Assets					
	Goodwill on Consolidation	111,780,000	111,780,000	111,780,000	51,880,000	51,880,000
	Other Fixed Assets (Net Block)	19,724,672	17,963,418	6,048,488	7,858,108	7,873,308
		131,504,672	129,743,418	117,828,488	59,738,108	59,753,308
	Current Assets Loans and Advances	57,089,449	15,159,201	14,240,310	27,831,432	43,463,540
	Less:					
	Current Liabilities and Provisions	18,110,207	9,574,119	6,491,584	8,548,124	10,107,240
	Net Current Assets	38,979,242	5,585,082	,748,726	9,283,308	33,356,300
	Miscellaneous Expenses					
	Preliminary Expenses	26,118	29,497	32,876	-	-
	Deferred Revenue Expenses	1,646,465	1,652,883	-	-	-
	Pre-operative Expenses	19,455,886	8,785,952	-	-	-
	Profit & Loss Account	49,523,219	49,805,239	51,235,062	47,030,258	40,097,395
	Total (B)	241,135,602	195,602,071	76,845,152	26,051,674	133,207,003

Note: -

1. Conversion rate for 1RM = Rs 12/-
2. AS 21 issued by the ICAI has been followed for the purpose of consolidation



C. FINANCIAL & OTHER DETAILS OF GROUP COMPANIES

GROUP COMPANIES

1. Wooksung Electronic India Pvt. Ltd. (Wooksung)

Wooksung was incorporated on 25/04/2006 and its registered office is situated at No. 3, Buharia Buildings, II Floor, Moores Road, Chennai – 600 006. The company is in the distribution of IP Phones, Video Phones that are adoptable for broad band.

The Board of Directors of Wooksung consists of:

Board of Directors	Mr. Sanjay A Nayak (Managing Director), Mr. V. N. Seshagiri Rao (Joint managing Director), Mr. Janardhan and Mrs. Shilpa S Nayak
---------------------------	--

The Shareholding pattern of Wooksung as on date is as follows:

Sr. No	Category	No. of shares held of Rs10/- each	% of voting strength
1	Mr. Sanjay Nayak	25,000	24.50
2	BITECH	52,041	51.00
3	Mrs. Shilpa Nayak	12,500	12.25
4	Mr. Suresh Babu	12,000	11.76
5	Mrs. Hari Priya	500	0.49
	Total	1,02,041	100.00

The financial performance of Wooksung based on audited accounts is given below:

(Rs. in Lacs)

Particulars (As at 31 st March)	2005-06
Sales & Other Income	33.82
PAT /(Loss)	(15.34)
Equity Share Capital	9.80
Net Reserves	--
Book Value per share (Rs)	(5.65)
EPS (Rs)	(15.65)

Wooksung has not made any capital issue during last three years. Wooksung is not a sick company within the meaning of the SICA.

2. Premian Properties Pvt. Ltd. (Premian)

Premian was incorporated on 25/01/2007 and its registered office is situated at No..5 Moores Road, IInd Floor, Buharia Building, Chennai - 600 006. The company was formed with the main object to carry on Real Estate Promotion. The Board of Directors of Premian consists of Mr. V. N Seshagiri Rao and Ms. Shanta Subramanian. The company has not commenced any business as of date.

The details of share capital for Premian Properties Pvt. Ltd. are as follows:

Particulars	Amount (Rs. In lacs)
Authorised Capital (50,000 equity shares)	5.00
Paid up capital (10,000 equity shares)	1.00

The Shareholding pattern of Premian is as follows:

Sr. No	Category	No. of shares held of Rs10/- each	% of voting strength
1	Mr. V. N Seshagiri Rao	5,000	50.00
2	Ms. Shanta Subramanian	5,000	50.00
	Total	10,000	100.00

D. CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policies since past three years except for those in mentioned in Annexure IV of the Auditors report given on page 61.



E. MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the business of the Company

Info-drive started with training and later switched to software development. The company also got into multimedia product development and developed a product and portal on Indian classical dance – Bharatanatyam. During the year 2006, Info-drive was acquired by BITECH. Since then, BITECH focused on realigning and restructuring the business of Info-drive.

Presently the company is in the process of securing businesses in segments relating to pension benefit industry (U.S), financial accounting and IT consulting. This would improve the working of the company substantially.

Significant development after the date of last Audited Accounts

There are no significant developments after the date of last Audited Accounts

Factors that may affect results of Operations

- **Unusual or infrequent events or transactions**

Info-drive was taken over by BITECH in August 2006. Apart from this there are no unusual or infrequent events or transactions.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

There are no significant economic changes that materially affected or are likely to affect income from continuing operations.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on the income from operations**

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on the income from operations

- **Future changes in relationship between costs and revenues**

Other than as described elsewhere in this Offer Document, particularly in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to Info-Drive’s knowledge there are no known factors which will have a material adverse impact on the operation and finances of the Company.

- **Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

Any increase in the business of the company would lead to an increase in the revenues of the company. Moreover the company is proposing to pursue new activities relating to the BPO and IT Solutions which will increase the revenues of the company.

- **New Products**

The company is proposing to expand its activities in the fields of BPO and IT Solutions. It has taken following steps towards this objective.

- Opening of Marketing subsidiary in North American Market (California),
- Appointment of Vice President - Marketing (North American Market)
- Appointment of Key managerial personnel - Delivery & Sales
- Participation in seminars and conferences relating to chosen segments.
- Generation of Sales Leads
- Some of leads in final stages of discussion

However the Company has not entered into any agreement so far. Apart from this there are no other new business lines announced by the company.

- **Seasonality of business**

The company is involved in the IT & IT related services which are not influenced by seasonal changes.

- **Competitive Conditions**

Competition in the IT and business process outsourcing services industry is intense and growing. Info-drive will face competition from onshore and offshore based business process outsourcing companies and from companies in IT space. Info-drive will also face significant competition from U.S.-based and non-U.S.-based outsourcing companies and from our clients, who may perform outsourcing services themselves, either in-house, in the United States or through offshore groups or other arrangements.

Results of Operations

Results of operations for the last three years/periods are as follows:

PARTICULARS	(Rs.in Lacs)			
	2003-04	2004-05	2005-06	9 Months period ended 31/12/2006
Total Income	1.22	6.77	2.70	9.61
Total Expenditure	9.85	12.13	8.53	6.56
Profit / Before Depreciation and Tax (PBDT)	(8.63)	(5.36)	(5.83)	3.05
Depreciation	2.90	2.03	2.03	1.52
Profit/(Loss) Before and Tax	(11.53)	(7.39)	(7.86)	1.53
Net Profit/ (Loss) After Tax (as reported)	(11.53)	(7.39)	(7.86)	1.49

Comparison of Results of Operation

Financial year 2003-04 to 2004-05

During the financial year 2004-05 the company introduced a new portal exclusively on Bharatanatyam - Indian classical dance. A collection of DVDs on Bharatanatyam called the "Classic Collection" was released in the same period.

Total Income

The company realized income through the sale of these CD`s which has been reflected by an increase in the total income of the company by over 450 % as compared to that in the financial year 2003-04.

Total expenditure

The total expenditure for the period under comparison increased from Rs. 9.85 lacs to Rs. 12.13 lacs i.e; an increase of 23.14 % which was due to increase in stocks.

Profit/Loss

The losses of the Info-drive reduced by 38 % during the period under review owing to increase in sales.



Financial year 2004-05 to 2005-06

Total Income

The income for the FY 2005-06 was mainly on account of interest income to the extent of Rs. 1.96 lacs. The CD sales slumped from Rs. 6.77 lacs to Rs. 0.74 lacs representing a fall of 60.12%.

Total expenditure

Total expenditure came down from Rs. 12.13 lacs to Rs. 8.53 lacs representing a reduction of 29.68%. This was due to reduction in stocks value and administration expenses.

Profit/Loss

The company faced a drop in sale of CD's during this period and coupled with fixed expenses, it posted a loss of Rs. 7.86 lacs against a loss of Rs. 7.39 lacs in the financial year 2004-05 i.e; an increase of 6.36%.

Financial year 2005-06 to 9 months period ended 31/12/2006

Total Income

Income during the 9 months period ended 31/12/2006 was Rs. 9.61 lacs as against Rs. 2.70 lacs for the previous year ended 31/03/2006, thus registering an increase of 255.92%, major contributor being the interest earned from the fixed deposit.

Total expenditure

The pruning of overheads resulted in reduction of expenditure for the period under comparison from Rs. 8.53 lacs to Rs. 6.56 lacs reflecting in percentage terms reduction of 23.09%

Profit/Loss

The company posted a net profit of Rs. 1.49 lacs against a net loss of Rs. 7.86 lacs in the previous year mainly on account of income derived by way of interest on Fixed Deposits.

WORKING RESULTS

Information relating to the Company sales, gross profit etc., as required by the Ministry of Finance vide circular No.F2/5/SE/76 dated February 5, 1977 read with the amendments of even No. dated March 8, 1977 as under:

The unaudited working results of the Company for the period from 01/01/2007 to 31/03/2007 are given hereunder:

(Rs. in lacs)	
Particulars	For 3 months period ended 31/03/2007
Net Income from Operations	-
Other Income	-
Total Income	-
Total Expenditure	13.55
Interest	-
Depreciation	0.51
Provision for Doubtful debts	-
Profit/(loss)before tax	(14.06)
Provision for tax	-
Net Profit/Loss	(14.06)
Paid up Equity Share Capital	500

VII. LEGAL AND OTHER INFORMATION

A. OUTSTANDING LITIGATIONS AND DEFAULTS

The Company has not defaulted in meeting any of its statutory or institutional dues and no proceedings have been initiated against the Company, for any of the offences specified in paragraph 1 of Part I of Schedule XIII of the Companies Act, 1956. Further, there are no disputes/litigations towards tax liabilities or criminal prosecutions against the Company and its Directors for any offence, economic or otherwise civil litigations against the Company its promoters and its Directors.

There are no pending proceedings initiated for economic offences against the Company. No disciplinary action/ investigation have been taken by the SEBI against the Company, its promoters and directors.

OUTSTANDING LITIGATIONS AGAINST PROMOTERS / DIRECTORS

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, 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 I of Schedule XIII of the Companies Act, 1956) against the promoters and director of the Company.

OUTSTANDING LITIGATIONS AGAINST THE COMPANY

Litigations involving Consumer Case:

Parties	Court	Reasons/ Summary	Case No.	Current status	Amount involved (Rs. In lacs)
S. Umesh Kumar Gupta	District Consumer Disputes Redressal Forum	Non-transfer of 500 Shares. The company had originally deposited Rs. 25,000 on 02/12/2002. As per the court order on 22/02/2007 the balance Rs. 5,000 stands paid	COP 320/2001	The amount as directed by District Consumer Disputes Redressal Forum vide their order dated 22/02/2007 has been paid.	0.25

MATERIAL DEVELOPMENTS AFTER THE DATE OF THE LAST AUDITED ACCOUNTS

There are no material developments after the date of last audited balance sheet, which will have any adverse impact on the operations of the company.

ADVERSE EVENTS

There are no adverse events affecting the operations of the company occurring within one year prior to the date of filing the offer document with the stock exchange.

B. GOVERNMENT APPROVALS

There are no approvals from any Government Authority required by the company to undertake the activities save and except those approvals which may be required to be taken in the normal course of business from time to time. The company can undertake the activities proposed by it and no further approvals from any Government authorities are required by the company to undertake the proposed activities.



VIII. OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the present issue

The Board of Directors of the Company at their meeting held on 22/12/2006 and pursuant to the resolution approved by shareholders under sections 81 (1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting held on 23/01/2007 have decided to offer 2,00,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 2/- per share aggregating to Rs.2400 Lacs to the existing equity shareholders of the Company on rights basis in the ratio of 4 (Four) equity shares for every 1 (One) equity shares (i.e.4:1) held as on 19/05/2007 (Record Date).

Prohibition by SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Eligibility

Info-drive is an existing listed Company. It is eligible to offer this Rights Issue in terms of Clause 2.4.1 (iv) of the SEBI (DIP) Guidelines, 2000.

The promoters, their relatives, Info-drive, group companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

The Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LTD. HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KEYNOTE CORPORATE SERVICES LTD. HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 22/02/2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

- (I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT 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 OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- C) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- D) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.

THE PROMOTERS / DIRECTORS OF INFO-DRIVE VIZ MR. K. SHIVAKUMAR, MR, V.N. SESHAGIRI RAO, MR. A. T. KRISHANKUMAR, MR. SINGANALLUR NARAYAN , MR. CLARK REINER, MR. K.CHANDRASEKARAN, MR. N.T. SHIVKUMAR, M/S. BITECH DECLARE AND CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS LETTER OF OFFER HAS BEEN SUPPRESSED WITHHELD AND / OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPILING AT ANY POINT IN TIME TILL ALLOTMENT/REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPPRESSED/WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/MIS-REPRESENTATION, THE PROMOTERS/D IRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

Caution statement / Company disclaimer

The Issuer Company accepts no responsibility for statements made otherwise than in this Letter of Offer or in the advertisement or in any other material issued by or at the instance of the Company and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

Disclaimer in respect of Jurisdiction

This offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and 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), Societies registered under the Societies Registration Act, 1860, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, OCBs and FIIs as defined under the Indian laws. This Offer Document does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Offer Document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in 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 Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Offer Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Info-Drive since the date hereof or that the information contained herein is correct as of any time subsequent to this date.



Disclaimer clause of BSE

Bombay Stock Exchange Ltd. (the Exchange) has given vide its letter dated 09/03/2007 permission to the Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- (ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- (iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of MSE

Madras Stock Exchange Limited (MSE), has, vide their letter dated 13/03/2007 given permission to the Issuer to use the name of the Exchange in this Letter of Offer as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. MSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. MSE does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; or take any responsibility for the financial or other soundness of this Issuer, its Promoters, its Management or any scheme or project of this Issuer; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by MSE. Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against MSE, whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated in the Letter of Offer or any other reason whatsoever.

Filing

A copy of this Letter of Offer has been filed with SEBI (SEBI Bhavan, C-4-A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051), BSE (Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001), Designated Stock Exchange and Madras Stock Exchange, Madras Stock Exchange, 11 Second Line Beach, Exchange Building, Chennai - 600 004, India.

Listing

Presently the equity shares of the Company are listed on BSE and MSE. The Company has received in-principle approval from BSE & MSE vide their letter no. DCS/PREF/JA/IP-RT/1248/06-07 dated 09/03/2007 and letter no. MSE/DS/LD/738/191/07 dated 13/03/2007 respectively for listing of the equity shares being issued in terms of this Letter of Offer. The Application will be made to BSE & MSE for listing and trading permission for the Equity Shares being issued pursuant to this Letter of Offer.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by BSE/MSE, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 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 the Directors, Auditors, Lead Manager, Registrar to the Issue, and Legal Advisors to the Issue to act in their respective capacities have been obtained and filed with Stock Exchanges at the time of filing this Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the stock exchanges.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in the Letter of Offer and also the tax benefits accruing to the Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

Expert Opinion

The Company has not obtained any expert opinion for this issue.

Expenses of the Issue

Sr. No.	Particulars	Amount (Rs. in Lacs)	% of total issue expenses	% of total issue size
1	Fees to the intermediaries	50.00	71.43	2.08
2	Printing & Stationery and Postage expenses	7.00	10.00	0.29
3	Advertisement	10.00	14.29	0.42
4	Miscellaneous Expenses	3.00	4.29	0.13
	Total	70.00	100.00	2.92

Underwriting Commission, Brokerage and Selling Commission

No Underwriting commission, Brokerage and selling Commission will be payable for this issue.

Previous Public/Rights Issue

The Company has not made any public/rights issue during last 5 years.

Previous issues of shares otherwise than for cash

The Company has not issued any shares for consideration otherwise than in cash:

Commission and Brokerage on previous issue

The Company has not made any Public/Rights Issue during last five years, hence no commission or brokerage has been paid.



Promise vis-à-vis Performance

Info-Drive came out with a public issue of Rs.165 Lacs comprising of 16,50,000 equity shares Rs. 10/- each at par through prospectus dated 23/03/1995. Issue opened on 26/04/1995 and closed on 29/04/1995. The object of the issue was to set up additional facilities for development of software for local and export market, to finance the expansion of existing training division, and to augment the long term working capital.

The promise-v/s-performance in respect of the public issue was as under:

(Rs. In lacs)

Particulars	1995-96		1996-97		1997-98		1998-99	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Software export	75.00	--	200.00	1.14	278.00	0.038	334.00	0.059
Local	30.00	24.87	40.00	72.88	50.00	0.69	60.00	1.41
Training division	133.00	37.70	166.00	30.52	180.00	6.51	216.00	13.53
Total income	238.00	62.57	406.00	104.54	508.00	7.24	610.00	15.00
Expenses	116.00	61.90	205.00	167.38	260.00	87.79	278.00	51.47
Depreciation	46.00	17.59	61.00	17.75	73.00	20.08	99.00	16.84
PBT	76.00	(16.91)	140.00	(80.58)	175.00	(60.45)	233.00	(19.63)
Tax	--	--	33.00	--	45.00	--	55.00	--
PAT	76.00	(16.91)	107.00	(80.58)	130.00	(60.45)	178.00	(19.63)
Proposed dividend	60.00	-	80.00	-	100.00	--	100.00	--
Share Capital	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
Book Value	10.52	10.16	11.23	8.15	12.02	6.14	14.01	6.68
EPS	1.90	--	2.68	--	3.25	--	4.45	--

Reasons for shortfall: The company could not generate income from the investments made on the product developed and consequently the sale of CD-Rom was low, leading to shortfall in achieving the projections. Further the franchising business evolved for imparting educational training also did not materialize due to which the promises could not be met.

Outstanding Instruments in INFO-DRIVE

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company as on date of this Letter of Offer.

Stock market data for shares of the Company

The following is the movement of the existing equity share of the Company listed and traded on BSE and MSE. The equity shares of IDSL has been included into the "Z" category by BSE. Information regarding the Company's share prices at BSE is given below:

BSE

	High			Low			Average Price (Rs.)	Total Volume
	High (Rs)	Date	Volume on date of high (no of shares)	Low (Rs)	Date	Volume on date of Low (no of shares)		
2004	4.95	07/30/2004	1	1.37	11/10/2004	7950	2.91	95777
2005	15.88	08/24/2005	23675	1.93	03/29/2005	17705	6.22	1103056
2006	19.16	12/29/2006	3530	3.99	03/29/2006	5600	7.90	690377
November 2006	12.84	11/22/2006	2550	7.94	11/02/2006	3800	9.84	97811
December 2006	19.16	12/29/2006	3530	9.21	12/06/2006	2300	12.88	63327
January 2007	23.00	01/08/2007	20650	13.00	01/31/2007	3100	18.41	310649
February 2007	17.24	02/12/2007	9365	12.36	02/01/2007	15525	15.35	191349
March 2007	18.00	03/29/2007	22300	12.50	03/07/2007	1735	15.27	166935
April 2007	20.55	04/09/2007	25351	17.00	04/02/2007	9100	18.88	176909

There has been no trading in the shares of Info-drive on the Madras Stock Exchange.

Week end price of Equity Shares of INFO-DRIVE on BSE & MSE is as follows:

Week ended	BSE (Rs.)	MSE (Rs.)
11/05/2007	20.30	-
04/05/2007	18.95	-
27/04/2007	18.55	-
20/04/2007	18.70	-

The market price of the equity shares of the Company as on 22/12/2006, the date on which the resolution of the Board of Directors approving the issue was passed is Rs. 15.79 (BSE)

- 1 The equity shares of the company were in no delivery period from 14/05/2007 to 17/05/2007
- 2 The cum-rights closing price of the shares of the company as on 11/05/2007 was Rs. 20.30 on BSE
- 3 The ex-rights closing price of the shares of the company as on 14/05/2007 was Rs. 14.30 on BSE

Redressal of investor grievances

The investor grievances against the Company will be handled by the Registrars and Transfer Agents in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. Gopal Rao, Company Secretary as a Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Issue and ensure timely settlement. The company normally resolves various kinds of investor grievances within a period of 15 days.

During the 12 months period ended on 31/03/2006 the Company has not received any complaints and there are no complaints pending as on date.

All grievances related to the issue may be addressed to the Registrar to the issue quoting the application No. (including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection centre where application was submitted .

Change in Auditors

There have been no changes in Auditors of the Company during last three years



Capitalisation of reserves or profits

The company has not capitalized its reserves till date

Revaluation of Assets

The company has not revalued its assets since inception

IX. OFFERING INFORMATION

A. TERMS OF THE ISSUE

The Equity Shares now being offered are subject to the provisions of the Act and the terms and conditions of this Letter of Offer, the CAF, the Memorandum and Articles of Association of the Company, the approvals from the Government of India, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, Listing Agreements entered into by the Company with Stock Exchanges, terms and conditions as stipulated in the allotment advise or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time, the FEMA and the Letters of Allotment/Equity Shares to be issued. Over and above such terms and conditions, the Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to issue of capital and listing of securities issued from time to time by SEBI, the Government of India, RBI and or other authorities.

Ranking of equity shares

The new Equity Shares proposed to be issued shall rank in all respects pari-passu with existing fully paid up Equity Shares.

Mode of payment of dividend

The dividend shall be paid to all the eligible shareholders as per the provisions of Companies Act.

Face value & issue price

The Face Value of Equity Shares of the company is Rs.10/-. The Equity Shares of Rs. 10/- each are being issued at a price of Rs. 12/- per share in the present rights issue.

Rights of equity shareholders

The Shareholders are entitled to receive dividend, as and when declared and bonus and rights shares, as and when issued. Further, the rights of the above and other holders of shares are subject to the provisions of the Companies Act, 1956, the Memorandum and the Articles of Association of the Company, the terms of this Letter of Offer and other laws as applicable from time to time.

Market lot

The market lot for the Equity Shares held in the demat mode is one share. In case of physical certificate, the Company would issue one certificate for the Equity Shares allotted to one person ("Consolidated Certificate"). In respect of consolidated certificate, the Company will, only upon request from the equity shareholder, split & return such consolidated certificate into smaller denomination within 7 days time in conformity with the clause 3 of the Listing Agreement. No fee would be charged by the Company for splitting the consolidated certificate.

Nomination

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

The sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders (being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. Person(s), being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same rights to which he would be entitled if he/she were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become



entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/disposal of the Equity Share by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When two or more persons hold the Equity Share(s), the nominee shall become entitled to receive the shares only on the demise of all the holders.

Fresh nominations can be made only in the prescribed form available on request at the office of the Company located at Chennai or such other place at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion in the CAF. Only one nomination would be applicable for one folio. Hence, in case the shareholder(s) has (have) already registered the nomination with the Company, no further nomination need to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective Depository Participant.

Minimum subscription

- i) If the Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue.
- ii) If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e., forty two days after closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Disposal of odd lots

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Restrictions on transfer and transmission of shares and on their consolidation/ splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this issue.

B. ISSUE PROCEDURE

BASIS OF THE OFFER

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date. The Company has in consultation with the Designated Stock Exchange fixed the Record Date for determining the shareholders who are entitled to receive this offer for Equity Shares on a rights basis. The Equity Shares are being offered for subscription in the ratio of Four Equity Shares for every One Equity Shares held by the Equity Shareholders. The shareholders whose names appear as beneficial owners as per the list furnished by the depositories in respect of the Equity Shares held in electronic form and on the register of members of the Company in respect of the shares held in physical form on 19/05/2007 at the close of business hours shall be entitled to the Equity Shares on the Rights basis in the ratio of Four equity shares for every One Equity Shares held by them.

OPTION TO SUBSCRIBE

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed a tripartite agreement with National Securities Depository Limited (NSDL) and Cameo Corporate Services Ltd. on 13/09/2001 and with Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Ltd. on 12/06/2001, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

RIGHTS ENTITLEMENT

As your name appears as beneficial owner in respect of the shares held in the electronic form or appears in the register of members as an equity shareholder of the Company on the Record Date, you are entitled to this Rights Offer. The number of Equity Shares to which you are entitled is shown in Block I of Part A of the enclosed CAF and as shown in part A of the enclosed CAF.

JOINT-HOLDERS

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed (so far as the company is concerned) to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles.

OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS/ APPLICANTS

Presently 1,43,200 Equity Shares aggregating to 2.86 % of the present issued capital are held by NRIs/FIIs on repatriation basis. Applications received from NRIs and other NR shareholders for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply shares offered on rights basis by an Indian Company in terms of FEMA and the rules and regulations thereunder. Vide notification dated June 18, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue rights/bonus shares to existing non-resident shareholders. The existing non-resident shareholders may apply for issue of additional shares and the Company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on rights basis by the company and renounce the shares offered in full or part thereof in favour of a person named by them. Residents may subscribe for additional shares over and above the shares offered on rights basis by the Company and also renounce the shares offered either in full or part thereof in favour of a person named by them. The Equity Shares issued under the Rights Issue and purchased by NR shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held Equity Shares against which Equity Shares under the Rights Issue are issued.



However, as per the provisions of AP DIR circular No. 14 dated September 16, 2003 (issued by the RBI), such shareholders who have been allotted the Equity Shares as OCBs would not be permitted to participate in the Rights Issue. Accordingly, shareholders/ applicants who are OCBs and wishing to participate in the Rights Issue would be required to submit approvals in relation thereto from the FIPB and the RBI. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NR.

NOTICES

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

ISSUE OF DUPLICATE EQUITY SHARE CERTIFICATE

If any Equity Share Certificate(s) is/are mutilated or defaced or the pages for recording transfers of Equity Shares are fully utilized, the Company against the surrender of such Certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the Certificate numbers and the Distinctive numbers are legible.

If any Equity Share Certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/ surety and/or such other documents as the Company may deem adequate, duplicate Equity Share Certificate(s) shall be issued.

OPTIONS AVAILABLE TO THE EQUITY SHAREHOLDERS

The Equity Shareholders will be having the following five options:

- 1 Apply for his entitlement in part
- 2 Apply for his entitlement in part and renounce the other part
- 3 Renounce his entire entitlement
- 4 Apply for his entitlement in full
- 5 Apply for his entitlement in full and apply for additional Equity Shares

HOW TO APPLY

For Resident Indian Shareholders

Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer. Payment should be made in cash (not more than Rs.20,000/- or by cheque/bank draft/ drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques/money orders/postal orders will not be accepted and CAFs accompanied by such cheques/money orders/postal orders are liable to be rejected.

For Non-Resident Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/ payment of dividends etc. Letter of Offer and CAF shall be dispatched to non-resident Equity Shareholders in India only.

For applicants residing at places other than designated Bank Collecting branches.

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, Cameo Corporate Services Ltd. alongwith demand drafts, net of demand draft and postal charges, payable at Chennai in favour of “**INFO-DRIVE - Rights Issue**” crossed “A/c Payee only” so that the same are received on or before closure of the Issue i.e. 06/07/2007.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

All application forms duly completed together with cash/cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF alongwith application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above. The applications are required to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected by the Company, the Lead Manager and the Registrar not having any liabilities to such applicants.

The CAF consists of four parts:

Part A : Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B : Form for renunciation

Part C : Form for application for renounees

Part D : Form for request for split application forms

You may exercise any one of the following options with regard to the Equity Shares offered to you, using the enclosed CAF :

Sr. No	Options available	Action Required				
1.	Accept whole or part of the Equity Shares offered to you without renouncing the balance	Fill in and sign Part A indicating in Block III of Part A the number of Equity Shares accepted. If you accept all the equity share offered in Block II of Part A you may apply for additional Equity Shares. Indicate in Block IV the additional Equity Shares applied for.				
2.	Renounce all the Equity Shares offered to you to one person (joint renounees are deemed as one person) without your applying for any of the Equity Shares offered to you.	Fill in and sign Part B indicating the number of Equity Shares renounced in Block VII and handover the ENTIRE FORM to the renounee. The renounee/ joint renounee(s) must fill in and sign Part C of CAF.				
3.	Accept a part of your entitlement and renounce the balance or part of it to one or more Renounee(s).	Fill in and sign Part D for the Split Form and send the ENTIRE CAF to the Registrar to the Issue.				
	OR	On receipt of Split Forms :				
4.	Renounce your entitlement or part of it to one or more persons (joint renounees are deemed as one person).	<table border="0"> <tr> <td data-bbox="788 1514 827 1575">a</td> <td data-bbox="827 1514 1466 1575">For the Equity Shares you are accepting, fill in and sign Part A.</td> </tr> <tr> <td data-bbox="788 1575 827 1696">b</td> <td data-bbox="827 1575 1466 1696">For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renounees should fill in and sign Part C.</td> </tr> </table>	a	For the Equity Shares you are accepting, fill in and sign Part A.	b	For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renounees should fill in and sign Part C.
a	For the Equity Shares you are accepting, fill in and sign Part A.					
b	For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renounees should fill in and sign Part C.					

Note: If application is made jointly with any other person(s) who is/are not already joint holders or change in the sequence of names of joint holders, it will amount to renunciation and the procedure mentioned in (2) above will have to be followed.



Acceptance of Offer

You may accept the Offer and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the demand draft, net of demand draft and postal charges, payable at Chennai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

You may apply for the Equity Shares offered wholly or in part by filling in the enclosed CAF and submitting the same along with the application money to the Bankers to the Issue or its designated branches on or before the closure of the subscription list. The CAF should be complete in all respects, as explained in the INSTRUCTIONS indicated in the CAF. The CAF should not be detached under any circumstances, otherwise the application(s) will be rejected forthwith.

Application for additional Equity Shares

You are also eligible to apply for additional Equity Shares over and above the number of Equity Shares offered to you provided you have applied for all the shares offered to you without renouncing them in full or in part. However, the additional Equity Shares cannot be renounced in full or in part, in favour of any other person(s).

If you desire to apply for additional Equity Shares, you may fill in the number of additional Equity Shares in Part A of the CAF. The allotment of additional Equity Shares will be at the sole discretion of the Board on an equitable basis with reference to the number of Equity Shares held by you on the Record Date in consultation with The Designated Stock Exchange. In the case of requests for additional Equity Shares by Non Residents, the allotment will be subject to the approval of Reserve Bank of India. The Board may reject any application for additional Equity Shares without assigning any reasons thereof. The renounces can also make an application for additional shares.

Renunciation

You may renounce all or any of the Equity Shares, you are entitled to in favour of any individual, limited companies, or statutory corporations / institutions. However renunciation in favour of more than three persons as joint holders, trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitution to hold shares in a company), OCBs, minors (unless acting through natural or legal guardians), Partnership Firms, or their nominees, or any of them will not be accepted.

Any renunciation from Resident(s) to Non- Resident(s) is subject to the renouncer(s)/ renounee(s) obtaining requisite approval(s) of the Reserve Bank of India (RBI) and the said permission must be attached to the CAF.

Procedure for renunciation

(i) To Renounce in WHOLE

If you wish to renounce this offer in whole, please complete PART 'B' of the CAF enclosed with the Letter of Offer for the number of Equity Shares renounced and deliver the CAF duly signed to the person(s) in whose favour the Equity Shares are so renounced. All joint holders must sign as per specimen signatures recorded with the Company at the place provided for the purpose and in the same order.

The person(s), in whose favour the offer has been renounced (renounees) should complete and sign PART C of the CAF. In case of joint renounees, all joint renounees must sign.

(ii) To Renounce in PART

If you wish to either accept this offer in part and renounce the balance of this offer the CAF must first be split into the requisite number of forms, by applying to the Registrar to the Issue. Please indicate your requirement of split forms in the space provided for this purpose in PART D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on or before the last date for receiving requests for split forms i.e; 15/06/2007.

If you wish to apply for Equity Shares jointly with any person(s) who is/are not already joint holder(s) with you, then it would amount to renunciation and the procedure of renunciation as mentioned above shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure as stated above shall have to be followed.

Further, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute and unqualified discretion to reject any such request for allotment of Equity Shares from renouncee(s) without assigning any reason thereof save where the Equity Shares have been renounced in favour of a person who is already a member of the Company.

Please note that:

- a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.
- b) Only the person to whom this Letter of Offer has been addressed and NOT the renounees shall be entitled to split forms. Forms once split cannot be resplit.

Request for split forms:

- Request for Split Forms should be addressed to the Registrar to the Issue so as to reach them on or before the last date for receiving of request for split forms by filling in PART D of the CAF.
- Requests for Split Forms will be entertained only once.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with a Demand Draft payable at Chennai which should be drawn in favour of the Company and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- 1 Name of Issuer, being INFO-DRIVE .
- 2 Name and address of the Equity Shareholder including joint holders
- 3 Registered Folio Number/ DP and Client ID no.
- 4 Number of shares held as on 19/05/2007 (Record Date).
- 5 Certificate numbers and distinctive numbers, if held in physical form
- 6 Number of Rights Equity Shares entitled
- 7 Number of Rights Equity Shares applied for out of entitlement



- 8 Number of additional Equity Shares applied for, if any
- 9 Total number of Equity Shares applied for
- 10 Total amount paid at the rate of Rs. 12/-per Equity Share
- 11 Particulars of cheque/draft
- 12 Savings/Current Account Number and name and address of the Bank where the Equity Shareholder will be depositing the refund order
- 13 Applications for a total value of Rs, 50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60/ Form 61 prescribed under the I.T.Act along with the application. Applications without this photocopy/ PAN Communication/declaration will be considered incomplete and are liable to be rejected.
- 14 In case of Non-Resident shareholders, NRE/FCNR/NRO Account No., name and address of the bank and branch.
- 15 Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company
- 16 Payment in such cases, should be through a demand draft, net of demand draft and postal charges, payable at Mumbai be drawn in favour of "INFO-DRIVE - Rights Issue" crossed "A/c Payee only".

Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Quoting of PAN/GIR no. in the application forms

Where an application is for allotment of securities in response to a rights issue, for a total value of Rs. 50,000/- or more i.e. the total number of securities applied for multiplied by the issue price, is Rs. 50,000/- or more the applicant or in the case of applications in joint names, each of the applicants, should mention his/her permanent account number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income-Tax Circle/Ward/District. In case neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application forms. Application forms without this information will be considered incomplete and are liable to be rejected.

Last date for submission of CAF

The last date for receipt of CAF by the Bankers to the Issue together with the amount payable on application is 06/07/2007 If the relevant CAF together with amount payable thereunder is not received by the Bankers/Registrar to the Issue on or before the close of banking hours on the aforesaid last date the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Equity Shares hereby offered as provided under "Basis of Allotment".

Incomplete application

CAFs which are not complete or are not accompanied with the application money amount payable are liable to be rejected.

TERMS OF PAYMENT

The entire amount of Rs. 12/- per share is payable on application by all shareholders/applicants.

MODE OF PAYMENT

For Resident Shareholders/Applicants

Payment(s) must be made by cheque/demand draft and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the Bankers' Clearing House located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected.

Shareholders/Applicants residing at places other than those mentioned in the CAF and applicants who wish to send their applications but not having collection centres should send their application by Registered Post, ONLY to the Registrar to the Issue enclosing a demand draft drawn on a clearing Bank and payable at Mumbai ONLY net of bank charges and postal charges, before the closure of the issue.

Such cheque/drafts should be payable to "**INFO-DRIVE - RIGHTS ISSUE**". All cheques/ drafts must be crossed 'A/c Payee only'. No receipt will be issued for the application money received. However, the Collection Centre receiving the application will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF. The Company is not responsible for any postal delay/ loss in transit on this account.

For Non-Resident Shareholders/Applicants

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft/cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- 1 By Indian Rupee drafts purchased from abroad and payable at Chennai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- 2 By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Chennai; or
- 3 By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Chennai; or
- 4 FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

All cheques/drafts submitted by non-residents applying on repatriable basis should be drawn in favour of "**INFO-DRIVE - RIGHTS ISSUE - NR**" payable at Chennai and crossed 'A/c Payee only' for the amount payable.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in



Chennai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "INFO-DRIVE - RIGHTS ISSUE" payable at Chennai and must be crossed 'A/c Payee only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- 1 In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- 2 In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- 3 The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- 4 In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Application will not be accepted by the Lead Manager or by the Company.

Note on cash payment (section 269 ss)

Having regard to the provisions of Section 269 SS of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

FORFEITURE

The allotment shall be made only on receipt of full application money as mentioned in "Terms of Payment". As such there will be no partly paid-up shares emerging from this issue & hence no requirement of any forfeiture.

APPLICATION UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Limited Companies or Bodies Corporate or Societies registered under the applicable laws, a certified copy of the Power of Attorney or the relevant authority, as the case may be, along with the certified copy of the Memorandum and Articles of Association or Bye-laws, as the case may be, must be lodged separately by registered post at the office of the Registrar to the Issue simultaneously with the submission of the CAF, indicating the serial number of the CAF and the name of the bank and the branch office where the application is submitted within 10 days of closure of the offer, failing which the application is liable to be rejected. In case the Power of Attorney is already registered with the Company, then the same need not be furnished again. However, the serial number of the Registration under which the Power of Attorney has been registered with the Company must be mentioned below the signature of the Applicant.

BANK DETAILS OF THE APPLICANT

The applicant must fill in the relevant column in the CAF giving particulars of Savings Bank/Current Account Number and the name of the Bank with whom such accounts is held, to enable the Registrar to the Issue to print the said details in the Refund Orders, if any, after the name of the payees. **Please note that provision of Bank Account details has now been made mandatory and applications not containing such details are liable to be rejected.**

APPLICATION NUMBER ON THE CHEQUE/DEMAND DRAFT

To avoid any misuse of instruments, the applicants are advised to write the application number and name of the first applicant on the reverse of the cheque / demand draft.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- 1 Amount paid does not tally with the amount payable for;
- 2 In case of physical shareholders, bank account details (for refund) are not given;
- 3 Age of first applicant not given in case of renouncee(s);
- 4 PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs. 50,000 or more;
- 5 Cash applications for an amount exceeding Rs.20,000/-;
- 6 In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- 7 If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- 8 If the Applicant desires to have shares in electronic form, but the CAF does not have the Applicant's depository account details;
- 9 CAFs are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;
- 10 Applications not duly signed by the sole/joint Applicants;
- 11 Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- 12 In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- 13 Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- 14 Multiple applications.

GENERAL

- (a) All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be refunded without interest.
- (b) Please read the instructions in the enclosed CAF carefully.
- (c) ALL COMMUNICATIONS IN CONNECTION WITH YOUR APPLICATION FOR THE EQUITY SHARES INCLUDING ANY CHANGE IN YOUR REGISTERED ADDRESS SHOULD BE ADDRESSED TO THE



REGISTRAR TO THE ISSUE.

- (d) Application Forms must be filled in ENGLISH in BLOCK LETTERS.
- (e) Signatures should be either in English or Hindi or the languages specified in the Eighth Schedule to the constitution of India. Signatures other than in the aforementioned languages or thumb impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal.
- (f) In case of Joint Holders, all joint holders must sign the relevant parts of the Application Form in the same order and as per the specimen signatures recorded with the Company.
- (g) In case of joint applicants, refunds and all payments will be made to the person whose name appears first on the application form and all communications will be addressed to him/her. To prevent any fraudulent encashment of refund orders by third parties, the Sole/First Applicant must indicate Saving / Current Account number and the name of the bank and its branch with whom such account is held in the space provided in the CAF for the purpose so that Refund Orders are printed with these details after the name. Applications without this information are liable to be rejected.
- (h) The Application Form should be presented to the Bank in its entirety. If any of the Part(s) A,B,C and D of the Application Form(s) is /are detached or separated, such application will forthwith be rejected.
- (i) All shareholders must submit the CAF along with remittance only to the Bankers to the Issue mentioned elsewhere in this Letter of Offer and not to the Company, the Registrar or the Lead Manager.
- (j) Any dispute or suit action or proceedings arising out of or in relation to this Letter of Offer or in respect of any matter or thing herein contained and claimed by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court where Registered Office of the Company is situated.
- (k) The last date for receipt of CAF alongwith the amount payable is 06/07/2007. However, the Board will have the right to extend the same for such period as it may determine from time to time, but not exceeding 60 days from the date of opening of the subscription list. If the CAF together with the amount payable thereunder is not received by the bankers to the issue on or before the closure of the banking hours on the aforesaid date, or such date as may be extended by the Board, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose the Rights hereby offered.

For further instructions please read CAF carefully.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Equity Shares of INFO-DRIVE are traded in the demat segment. The Company has entered into a tripartite agreement dated 13/09/2001 with the National Securities Depository Ltd. (NSDL) and Cameo Corporate Services Limited for dematerialisation of the Equity Shares of the Company. The Company has also entered into a tripartite agreement dated 12/06/2001 with the Central Depository Services Limited (CDSL) and Cameo Corporate Services Limited for dematerialisation of the Equity Shares of the Company. The present ISIN No. of the Company is INE 804D01011.

An applicant has the option to seek allotment in physical or demat mode. An applicant who seeks allotment in demat mode must have at least one Beneficiary Account with any of the Depository Participants (DP) of NSDL or CDSL registered with SEBI, prior to the application. Such applicants must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the head "Request for shares in electronic form" in the CAF.

Applicant must indicate in the CAF, the number of shares they wish to receive in electronic form out of the total number of Equity Shares applied for. In case of partial allotment, shares will first be allotted in electronic form and the balance, if any, will be allotted in physical form.

Names in the CAF should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.

No separate application for demat and physical shares is to be made. If such applications are made the application for physical shares will be treated as multiple applications and rejected accordingly. It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL.

Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the Issue.

The applicant is responsible for the correctness of the applicants demographic details given in the share application form vis-à-vis those with his/her DP. Equity Shares allotted in demat mode will be credited directly to the respective Beneficiary Account.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The Board reserves the right to reject applications in case the application concerned is not made in terms of this Letter of Offer. In case an application is rejected in full the whole of the application money received will be refunded to the first named applicant and where an application is rejected in part, the excess application money will be refunded to the first named applicant within 6 weeks from the date of closure of the subscription list in accordance with Section 73 of the Act. If there is delay of refund of application money by more than 8 days after the Company becomes liable to pay (i.e. forty-two days after the closure of Issue), the Company will pay interest for the delayed period at the rate prescribed under sub-Section (2) and (2A) of Section 73 of the Act.

The subscription monies received in respect of this Issue will be kept in a separate bank account and the Company will not have access to nor appropriate the funds until it has satisfied the Stock Exchange with suitable documentary evidence that minimum subscription of 90% of the application money for the Issue has been received.

No acknowledgment will be issued for the application monies received by the Company. However, the Bankers to the Issue at its collection branches to the Issue receiving the CAF as applicable as per the terms of this Letter of Offer, will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Except for the reasons stated under “Grounds for Technical Rejections” on page 96 of this Letter of Offer and subject to valid application, acknowledgement of receipt of application money given by the collection agent shall be valid and binding on issuer and other persons connected with the Issue.

BASIS OF ALLOTMENT

In the event of the issue being oversubscribed, the basis of allotment will be made only within the overall size of the Rights Issue, as stated in the Letter of Offer and the Board will proceed to allot the Equity Shares in consultation with the designated stock exchange in the following order of priority:

1. Full allotment to the Shareholders who have applied for their Rights entitlement, either in full or in part and also the renounee(s) who have applied for Equity Shares renounced in their favour either in full or in part (subject to the other provisions contained under the paragraph titled “Renunciation”).
2. Allotment to the shareholders who have applied for additional Equity Shares provided that they have applied for all the Equity Shares offered to them, provided there is a surplus after making full allotment under (1) above. The allotment of such additional Equity Shares will be made as far as possible on the basis of the Equity Shares held as on the Record Date.
3. Allotment to the renounees who have applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares, as the Board may in its absolute discretion deem fit, provided there is a surplus after making full allotment (1) and (2) above.
4. Allotment to any other person as the Board may in their absolute discretion deem fit, provided there is a surplus after making full allotment under (1), (2), (3) above.

The issue will become undersubscribed after considering the number of shares applied as per the entitlement plus additional shares. The undersubscribed portion can be applied for only after the close of the Issue.



The Promoters/Promoter group have collectively undertaken that they shall subscribe to their entitlement in the Issue to the fullest extent. The entitlement of the promoters in the said Rights Issue would be Rs. 383.90 Lacs. The promoters / promoter group intends to subscribe to the unsubscribed portion in the said Rights Issue to such an extent that their post rights issue holding is upto 26%.

As a result of this subscription and consequent allotment, the promoters/promoter group may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding. Assuming under subscription and promoters/ promoter group subscribing to such an extent, the holding of promoters/promoter group post Rights Issue would be 26%. This subscription and acquisition of additional equity shares by the Promoter/ promoter group, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

In case of oversubscription the allotment would be done in a proportionate manner in consultation with the Designated Stock Exchange. The Company shall retain no oversubscription.

LETTERS OF ALLOTMENT OR REFUND ORDERS

Company shall ensure despatch of refund orders, if any, by under the Certificate of Posting or registered post or speed post or through modes as mentioned in section, Terms of the Issue clause “Mode of Payment” on page 94 of this Letter of Offer, as applicable, only at the sole or First Applicant’s sole risk within 42 days of closure of the Rights Issue, and adequate funds 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.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialized form by electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

Allotment of Equity Shares to non-residents and the issue of letters of allotment/share certificates to non residents shall be subject to the approval received from RBI.

For Non-Resident Applicants, refunds, if any, will be made as under:

- 1 Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and the Company shall not bear any part of the risk.
- 2 Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques are drawn and details of which are provided in the CAF.

MODE OF PAYMENT OF REFUND

Applicants should note that on the basis of name of the applicants, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the Depositories, the applicant’s bank account details including nine digit MICR code. **Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant’s sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

- I. Direct Credit – For investors having their Bank Account with the Collecting Bankers, the refund amount would

be credited directly to their Bank Account with the Collecting Bankers.

- II. RTGS – Investors desirous of taking direct credit of refund through RTGS, will have to provide the IFSC code in the Composite Application Form
- III. ECS - Payment of refund would be done through ECS for applicants residing at one the 15 centres, namely **Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram**, where clearing houses for ECS are managed by Reserve Bank of India. This would be subject to availability of complete Bank Account details including MICR code from the depositories.

For all the other applicants except for whom payment of refund is possible through I, II and III, the refund orders would be despatched under the Certificate of Posting for refund orders less than Rs. 1,500/- and through Registered Post or Speed Post for refund orders exceeding Rs. 1,500/-. These refund orders will be drawn on the Collection Bank(s) and payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be borne by the Applicants.

INTEREST IN CASE OF DELAY IN ALLOTMENT / DESPATCH

The Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of six weeks from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest at the rate of 15% per annum as stipulated under Section 73 of the Act.

UNDERTAKING

The Company undertakes that:

- (i) that the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- (ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment.
- (iii) 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.
- (iv) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 42 days of closure of the issue, 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.
- (v) that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- (vi) that no further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.



UTILISATION OF ISSUE PROCEEDS

The Board of Directors declares that:

- i. The funds received against this Issue will be transferred to a separate Bank Account other than the Bank Account referred to sub-section (3) of Section 73 of the Act.
- ii. Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such moneys has been utilised.
- iii. Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate Bank Account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

X. TERMS OF ARTICLES OF ASSOCIATION

Main provisions of the Articles of Association

Share Certificate

10. 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 two 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 maybe. Every Certificate of shares shall be under the seal of the company and shall specify 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 of shares to one of several joint holders shall be sufficient delivery to all such holder.
- 10A. Share/Debenture Certificates shall be issued in marketable lots and sub-division / consolidation into marketable lots shall be done free of charge.
- 10B. Amount paid in advance of calls may entail a right for interest but will not confer a right to dividend or to participate in the profits of the company.
- 10C. 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, an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.

11. Subject to the provisions of Companies (Issue of Share Certificate) Rules, 1960, or any statutory modification or re-enactment thereof, certificate of title of shares and duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of and signed by:
- (i) two Directors of the Company or person acting on behalf of the Directors under a duly registered power of attorney and ;
 - (ii) the Secretary or some other persons appointed by the Director for the purpose. PROVIDED that if the composition of the Board permit of it, atleast one of the aforesaid two Directors, shall be a person other than a Managing Director or wholetime Director.
12. The Company shall have a first and paramount lien upon all shares (whether fully paid or not) registered in the name of any member, either alone or jointly with any other person and upon the proceeds of sale thereof, for his debts, liabilities and engagements, whether solely or jointly with any other person to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends, bonus from time to time declared in respect of such shares. "Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such share" : But the Directors may at any time declare any share to be exempt



wholly or partly from the provisions of this Article.

The Company should make provision for Lien Clause for lien on every share, enforcing lien on shares and excess of sale proceeds to be paid to shareholders.

13. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of death or insolvency. Any excess on the sale proceeds shall be paid to the shareholders.

Call on Shares

14. The Board of Directors may from time to time by a resolution passed at a meeting of the Directors and not by a circular resolution make such calls as they think fit, upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed. A call may be made payable by installments and may be revoked or postponed at the discretion of the Board, but will not confer a right to dividend or to participate in the profits of company.
- 14A. 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 of dividends. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

15. In Regulation 13(1) of Table A to the Companies Act, 1956 the word "Provided that no call shall exceed our fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call" shall be omitted.

Forfeiture of Share

- 15A. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may at any time, thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

The notice aforesaid shall :

- (a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) is to be made ; and
- (b) State that, in the event of non payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
- (c) If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- (d) A forfeited share may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit.

- (e) At any time before a sale or disposal as aforesaid the Board may cancel the forfeiture on such terms as it thinks fit.
- 15B. A person whose shares have been forfeited shall cease to be member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- 15C. A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- The Company may receive the consideration, if any, given for the share on any sale or disposal, thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.
- The transferee shall thereupon be registered as the holder of the share.
- The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 15D. The provisions of these articles as to forfeiture shall apply in case of non-payment of any sum which, by terms of issue of share, becomes payable, at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 15E. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Transfer and Transmission of Shares

16. a. The instrument of transfer of any shares in the company shall be executed both by the transferor and 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 writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- b. The Board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate and such other evidence as the Company, may require to prove the title of the transferor or his right to transfer the shares. Provided that where it is proved to the satisfaction of the Board that an instrument to transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application in writing made by the transferee and bearing the stamp required for an instrument of transfer, register the transfer on such terms as to indemnify as the Board may think fit.
- c. An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid share be effected unless the company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register, the name of the transferee in the same manner and subject to the same conditions as if an application for registration was made by the transferee.
- d. For the purpose of sub-clause (C) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered in the ordinary course of post.
- e. Nothing in sub-clause (d) shall prejudice any power of the Board to register as a shareholder any



person to whom the right to any share has been transmitted by operation of law.

- f. 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 whatsoever lot shall not be refused
- g. No fee shall be charged for registration of shares received by the company for name transfer.
- h. The company should make provision for refusal of transfer of shares for any reason should advice transferees within fifteen days from the date of receipt of the certificates and transfer deeds from the transferees.
- i. No fee shall be charged for transfer of shares / debentures or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.
- j. Provided that the registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person(s) indebted to the company on any account whatsoever.
- k. The Company shall effect transfer, transmission, sub-division or consolidation within one month from the date of lodgments of document.
- l. The Board shall have power on giving not less than seven (7) days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Book, the Register of Members, Register of Debenture holders at such time or time and for such period or periods, not exceeding thirty (30) days at a time and not exceeding in the aggregate forty five (45) days in each year as to it may seem expedient.

The Board shall give 42 days clear notice to the Stock Exchange before the closure of the Register of Members Debenture holders.

Board of Directors

21.
 - a. Unless otherwise determined by a General Meeting the number of Directors shall not be less than 3 and not more than 12.
 - b. The First Directors of the Company shall be: Mr.K.Shivakumar, Mr.K.Ganesh Krishna.
 - c. Any person, whether a member of the Company or not may be appointed as a Director. No qualification by way of holding shares in the capital of the company shall be required for any Director.
 - d. The Board of Directors shall have power to appoint from time-to-time and at any time at their discretion one or more persons as Executive Directors or Special Directors in the employment of the Company on such terms and conditions as to remuneration or otherwise as the Board may deem fit and to vary the same from time-to-time and at their discretion to remove or suspend the persons from the said offices. The person so appointed shall not be Directors of the company within the meaning of the Companies Act not shall they have any of the powers of or be subject to any of the duties of a Director.
 - e. The Directors shall have power to appoint any other persons to be an additional director, but the total number of Directors shall not at any time exceed the maximum number fixed as above. Any such additional director shall hold office any till the date of the next Annual General Meeting.
 - f. If any Director, being willing, is called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company shall remunerate such Director, in such manner as may be determined by the Board of Directors and such remuneration may be in addition to the fee payable to him under the article.
 - g. The remuneration of each Director shall be by way of sitting fee not exceeding Rs.250/- (Rupees two hundred and fifty only) per Director for each meeting attended or as the Board of Directors may

- determine.
- h. The Director shall be paid any traveling expenses incurred to attend Director's meeting or meeting of the Committee.
 - i. A director may retire from the office upon giving one month's notice in writing to the company of his intention to do so and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.

Borrowing Powers

- a. The Board may from time to time, at its discretion subject to the provisions of the Act, raise or borrow, from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the company; provided that the Board shall not without the sanction of the company in General Meeting, borrow any sums of money which together with monies already borrowed by the Company (apart from loans repayable on demand or within six months from the date of the loans such as short term, cash credit arrangements, the discounting of bills, and the issue of other short term loans of a seasonal character, but not including loans raised for the purposes of financing expenditure of a capital nature obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say reserves not set aside for any specific purpose. Debentures, debenture stocks, Bonds or other securities with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in a General Meeting.
- b. The Board may raise or secure the repayment of such sum of sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or other security or undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
- c. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Retirement of Directors

- 28. a. Subject to the provisions of the Act, the company shall be entitled to appoint director or directors on a non-rotational basis. Shall be a non-rotational director.
- b. Any casual vacancy occurring in the Board of Directors, may be filled up by the remaining Directors but any person so chosen shall retain his office only upto the date upto which the director in whose place he is appointed would have held office had he continued.

Proceeding of Director

- 29. The quorum necessary for the transaction of the business of the Board shall be two or one third of the total strength (any fraction contained therein being rounded off as one) whichever is higher.

Manager or Secretary

- 30. Subject to the provisions of the Act, a Manager or Secretary may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit and any Manager or Secretary so appointed may be removed by the Board. A Director may be appointed as Manager or Secretary.

Reserve and Dividend

- 32. The Company in General Meeting may declare dividend but no dividend shall exceed the amount



recommended by the Board.

33. The Board may, from time to time as it thinks fit before recommending any dividend, set aside out of the profits of the company any sum as a Reserve to meet any contingencies or for the liquidation of any debentures, debts or other liabilities of the company or for the equalisation of dividend for repairing, improving or maintaining any of the property of the company and for such other purposes of the company as the Board in its absolute discretion thinks conducive to the interest of the company and may invest the several sums so set aside upon such investment (other than shares of the company) as it thinks fit and from time to time deal with every such investment and dispose of all or any part thereof for the benefit of the company and may divide the Reserves into such special account as it thinks fit with full powers to employ the same without being bound to keep them separate from other assets.
34. Any Dividend shall be paid, within forty two days from the date of declaration, by cheque or warrant sent through post to the registered address of the member or person entitled or in the case of joint holders to registered address of that one whose name stands first in the Register of Members or to such address as the holder or joint holders may in writing direct and every cheque or warrant so sent shall be made payable to the person to whom it is sent.
- a. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called “Unpaid Dividend of Info-Drive Software Limited” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- Any money transferred to the unpaid dividend account of the company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the General revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholder’s to whom the money is due.
- No unclaimed or unpaid dividend shall be forfeited by the Board.
35. No dividend shall be declared or paid except out of the profits of the company of the year after providing for depreciation as required by the Act or out of the previous years undistributed profits arrived at after providing for depreciation and no dividend shall carry interest as against the company.

Winding up

40. If the Company shall be wound up either voluntarily or otherwise the Liquidator may with sanction of Special Resolution or any other sanction required by the Act, divide among the members in specie or kind any part of the assets of the company and may with the like sanction vest any part of the asset of the Company in trustees upon such trust for the benefit of the members or any of them as the Liquidator, with the like sanction shall think fit.

Indemnity and Responsibility

41. a. Subject to the provisions of Section 201 of the Act every Director, Manager, Secretary and other Officer or employee for the time being of the Company shall be indemnified out of the Funds/Assets of the Company for all costs, 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 or in any other way in the discharge of his duties, as such as Director, Officer or employee.
- b. Subject as aforesaid every Director, Manager, Secretary or other Officer or employee of the Company shall be indemnified against any inability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which

he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the court, and without prejudice to the generality of the foregoing, it is hereby expressly declared that the company shall pay and bear all fees and other expenses incurred or to be incurred by or in respect of any Director for filing any return, paper or document with the Registrar of Companies or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the Company.

- c. Subject to the provisions of Section 201 of the Act no Director or other officer of the company shall be liable for the acts, receipts, neglects or default of other Director or officer or for any loss or expenses to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested, or for any loss or damages 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 judgement or oversight on his part or for any loss or damage or misfortune whatever which may happen in the execution of the duties of his office or in relation thereto.

Secrecy Clause

42. a. No member shall be entitled to visit or inspect the Company's works without the permission of the Board or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the company and communication of which to the public, in the opinion of the Board, will be inexpedient to the interests of the company.
- b. Every Director, Chairman, Joint-Chairman, Manager, Secretary, Auditor, Trustee, Members of a Committee, Officers, Servant, Agent, Accountant, or other persons employed in the business of the Company, shall if so required by the Board, before entering upon his duties, or at any time during his term of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the company and the State of Account and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required to do so by the Board or by the Company in general meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

Dematerialisation of Securities

- (a) De-materialisation:
Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (b) Options for Investors: Every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.



- (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (d) Rights of Depositories & Beneficial Owners:
- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - (ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - (iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- (i) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (j) Transfer of Securities:
- (i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - (ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
- (k) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.
- (l) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
- (m) Provision of Articles to apply to shares held in Depository: Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.
- (n) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

XI. OTHER INFORMATION

A. LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The Contracts referred to in para (A) below (not being contracts entered into in the ordinary course of the business carried on by the Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Letter of Offer which has been delivered to BSE & MSE may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Letter of Offer until the closing of the subscription list.

A. MATERIAL DOCUMENTS

1. Copy of Memorandum of Understanding dated 15/02/2007 between the Company and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 14/02/2007 between the Company and Cameo Corporate Services Ltd., Registrar to the Issue.
3. Copy of Tri- Partite Agreement dated 13/09/2001 between the Company, Cameo Corporate Services Ltd., and National Securities Depository Limited.
4. Copy of Tri-Partite Agreement dated 12/06/2001 between the Company, Cameo Corporate Services Ltd., and Central Depository Services (India) Limited.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of the Company.
2. Copies of Annual report for years ended 31/03/2002, 31/03/2003, 31/03/2004, 31/03/2005 and 31/03/2006.
3. Copy of resolution passed u/s 81, 81(1A) by the shareholders of the Company at the Extra Ordinary General meeting held on 23/01/2007 authorizing the proposed rights issue.
4. Copy of resolution passed at the Board meeting held on 13/02/2007 approving the terms of the issue.
5. Copy of certificate dated 24/01/2007 issued by K S Reddy & Associates Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratios.
6. Copy of letter dated 24/01/2007 received from K S Reddy & Associates, Chartered Accountants and Statutory Auditors of the Company advising the company on the tax benefits available to the company and its shareholders.
7. Copy of report on outstanding litigations against Company, Promoter/Directors of the Company and promoter group companies by the legal advisor to the issue 02/02/2007.
8. Copy of certificate dated 12/05/2007 issued by Anil Nair & Associates, Chartered Accountants in terms Clause 6.10.2.4 & 6.10.2.5 Of SEBI (DIP) Guidelines, 2000 regarding reporting of financials of the companies identified.
9. Copy of various undertakings from the Company.
10. Copy of in-principle approvals received from BSE & MSE vide their letter no. DCS/PREF/JA/IP-RT/1248/06-07 dated 09/03/2007 and letter no MSE/DS/LD/738/191/07 dated 13/03/2007 respectively.
11. Copy of SEBI observation letter No. CFD/DIL/ISSUES/PB/EHM/92403/2007 dated 30/04/2007 and compliance thereof.



B. DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. We further certify that all the statements made in this Letter of Offer are true and fair.

Yours Faithfully

On behalf of the Board of Directors of Info-drive Software Limited

Sd/-

Mr. K. Shivakumar
Managing Director

Sd/-

Mr. V. N. Seshagiri Rao
Director

Sd/-

Mr. A. T. Krishankumar
Director

Sd/-

Mr. Singanallur Narayan*
Director

Sd/-

Mr. Clark Reiner
Director

Sd/-

Mr. K. Chandrasekharan
Director

Sd/-

Mr. N.T. Shivkumar*
Director

* By their constituted Attorney

Place: Chennai

Date: 17/05/2007